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Oskar Lafontaine, right, applauding Thursday at the Socialists' congress as Rudolf Scharping, left, was consoled by Johannes Rau, deputy party leader.

Germany's Social Democrats Veer Left Once More

By Alan Cowell
New York Times Service

BONN — Rudolf Scharping, the unloved head of Germany's beleaguered opposition Social Democrats, was ousted from the party's leadership Thursday in a surprise vote that reflected both Germany's political turbulence and the party's aversion to his lackluster style.

In a ballot at the Social Democrats' annual congress in the southern city of Mannheim, Mr. Scharping lost by a dramatic 321-to-190 vote to a long-standing

rival, Oskar Lafontaine, the state premier of the Saarland, whose stirring oratory at the gathering was seen by delegates as offering the party a way out of the doldrums.

The vote, which left the 48-year-old Mr. Scharping looking stunned, climaxed months of internal bickering and desertions that saw the left-leaning Social Democrats plumb their lowest-ever levels of popularity.

The first task facing the 52-year-old Mr. Lafontaine, the Social Democrats' failed candidate in the 1990 national elec-

tions, will be to try to reverse his party's standings in opinion surveys giving it only 28 percent of a national vote, compared with 44 percent for Chancellor Helmut Kohl's Christian Democrats.

Mr. Lafontaine will also have to offer a lead on the party's approach to the issue of a single European currency. Before his ouster, Mr. Scharping had spoken against a common monetary regime that would leave Germans with a currency weaker than their all-powerful Deutsche mark.

Mr. Lafontaine has been more cautious, insisting on the Social Democrats' European credentials but calling for closer political ties between European Union states to accompany moves toward a single currency, set to begin in 1999. "We are and remain the European party of Germany," he said.

Mr. Lafontaine, a leader of the Social Democrats' pacifist, left-wing faction, is expected to push the party back toward its leftist roots and cultivate closer ties with both the former Communists in eastern Germany and the environmentalist

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Karadzic and Mladic Face New War Crimes Charges

Panel Cites 'Savagery' at Srebrenica

By William Drozdiak
Washington Post Service

A United Nations tribunal indicted the Bosnian Serb president, Radovan Karadzic, and the military commander, General Ratko Mladic, on Thursday on new charges of genocide and crimes against humanity for their role in atrocities committed against Bosnian Muslims in the enclave of Srebrenica.

Judge Fouad Riad said evidence submitted by the chief prosecutor, Richard Goldstone, depicts "scenes of unimaginable savagery: thousands of men executed and buried in mass graves, hundreds of men buried alive, men and women mutilated and slaughtered, children killed before their mothers' eyes, a grandfather forced to eat the liver of his own grandson."

"These are truly scenes from hell, written on the darkest pages of human history," Judge Riad said before signing international warrants against both men that will make them liable for arrest anywhere outside Serbian-held territory.

[Mr. Goldstone said Thursday he was "cautiously optimistic" that the two Bosnian Serb leaders would stand trial for crimes against humanity, "sooner or later." Reuters reported.]

[He said he hoped that members of any NATO peacekeeping force deployed in Bosnia under a peace agreement would be authorized to arrest the two leaders.]

The two leaders already stand accused by the Hague-based criminal tribunal for the former Yugoslavia of genocide and other war crimes for planning and ordering attacks against Muslim and Croatian civilians throughout Bosnia, including the bombardment of the capital, Sarajevo.

But the latest indictments describe Mr. Karadzic and General Mladic as being "directly responsible" for what may be the worst massacre committed in Europe since World War II. The tribunal charged that they planned, instigated and ordered the "systematic mass killings" of as many as 8,000 Muslim refugees missing since Bosnian Serb forces overran the UN-designated "safe area" of Srebrenica in July.

In little more than two weeks, the tribunal said, the estimated 40,000 Muslim population in the area was "virtually eliminated by Bosnian Serb military personnel" under the "command and control of Karadzic and Mladic." Both men were seen on several occasions in or outside the area where mass executions occurred, officials said.

The fate of the two Bosnian Serb leaders has emerged as an important issue in the peace negotiations now being conducted in Dayton, Ohio, among the presidents of Bosnia, Serbia and Croatia. The United States has said it will not send troops to help monitor a peace deal unless Mr. Karadzic and General Mladic were removed from power.

AGENDA

Algeria's Zeroual Called Victorious

President Liamine Zeroual won 58 percent to 66 percent of the votes in Thursday's presidential election in Algeria, state-run Algerian radio said, citing exit polls, while relatively high voter turnout was reported.

The voting was boycotted by the main Islamic opposition parties, and Muslim extremists threatened to kill anyone who cast a ballot. Despite the threats, there were no reports of violence. (Page 7)

Vote at UN Deplores All Nuclear Testing

UNITED NATIONS, New York (Reuters) — A key General Assembly committee voted 95 to 12, with 45 abstentions, on a resolution Thursday aimed at France and China that deplores all current nuclear tests. The vote in the disarmament and international security committee is expected to be endorsed by the assembly's plenary next month.

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ARRESTED — Former President Roh Tae Woo of South Korea was charged Thursday in a bribery scandal and taken to a prison outside the capital. Page 4.

Chinese Denounce Big Nuclear Powers

U.S., Russia, Britain and France Are Accused of Inconsistencies

By Patrick E. Tyler
New York Times Service

BEIJING — Issuing a major policy statement on arms control, China sharply rebuked the United States, Russia, Britain and France on Thursday for continuing to develop "nuclear weapons and outer space weapons, including guided missile defense systems" while allegedly seeking in some cases to deny the peaceful use of nuclear technology to the developing world.

The policy document, issued by the official Xinhua press agency, said the world's major nuclear powers "on the one hand, vie with one another in dumping their advanced weapons on the international market, even using weapons transfers as a means to interfere in other nations' domestic affairs, and on the other, they resort to discriminative anti-proliferation and arms control measures, directing the spearhead of arms control at the developing countries."

Without mentioning Taiwan, the document implicitly warned the United States that Beijing regarded arms sales to Taiwan as interference in its internal affairs.

The policy declaration was also significant in that it appeared to express for the first time China's formal opposition to a U.S. proposal to deploy ballistic missile defense systems in Asia to protect Japan and American military forces there from ballistic missile threats, principally from North Korea. Until now, individual Chinese officials have stated opposition to the missile program in background briefings.

China believes a missile defense system in Asia could potentially undermine the effectiveness of its strategic nuclear forces, which were developed to hold U.S., Japanese and Russian targets at risk of retaliation in any nuclear conflict.

Chinese officials were alarmed when, in May, President Bill Clinton and President Boris N. Yeltsin of Russia agreed that their countries should cooperate in developing ballistic missile defenses. China has asked Russia through diplomatic channels to clarify its intentions with regard to cooperation with the United States.

In a larger context, China's policy pre-

sentation was made to a world and regional audience that is concerned with fundamental security questions in Asia, such as rising military tensions between China and Taiwan; the bitter territorial conflicts in the South China Sea, where there are rich deposits of oil, and China's competition with Japan for regional preeminence.

The role of U.S. forces in Asia is connected to each one of these issues.

China's policy statement may have been timed, in part, to blunt the international criticism that will resume when Beijing detonates its third underground nuclear warhead this year as part of a final series of tests leading up to the conclusion in 1996 of

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Asia Trade Progress

Asia-Pacific nations have agreed on ways to open up the region to free trade, officials said Thursday. But they acknowledged that key aspects of the accord, which is to be approved by the Asia-Pacific Economic Cooperation forum on Sunday, were open to interpretation. (Page 13)

Military Rivals Are Worrying Asian Forum

By Michael Richardson
International Herald Tribune

OSAKA, Japan — Although trade is their main focus, Asia-Pacific leaders are meeting here amid a potentially dangerous undercurrent of military rivalry between China and Japan that some officials and analysts fear could develop into a regional arms race.

Among the factors contributing to the widespread unease are nationalist pressures in Japan for cuts in the U.S. military presence and deep-seated suspicion of Japan, based on its history of military adventurism, among China's leaders. A critical question, analysts say, is whether South Korea will lean toward one camp or the other in the future.

In an apparent effort to allay concerns about its military buildup, China declared

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in a policy statement issued Thursday that it did not seek regional hegemony and would not increase its defense spending substantially "as long as there is no serious threat to the nation's sovereignty or security."

Concerns about potential instability in the region are a key background issue in the talks that the 18 members of APEC, the Asia-Pacific Economic Cooperation forum, are having in Osaka.

Prime Minister Paul Keating of Australia, who arrived in Osaka on Thursday for the APEC leaders' meeting on Sunday, said that although the group was "an economic and trade body — and in my view should remain one — it also has very significant political and strategic consequences" for Asia and the Pacific.

"It encourages a continued constructive American engagement in Asia by keeping open the links across the Pacific," he said. "This is important to all of us because in the absence of a U.S. balancing security role in the region, strategic uncertainties would multiply, especially in north Asia, and the result could be a very dangerous arms race with quite unforeseeable consequences."

China and Japan are already accusing each other of pursuing undeclared policies of military expansion to seek regional dominance as the relative power of the United States declines.

President Jiang Zemin of China, who is

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Find Suggests Earlier Human Migration

By Kathy Sawyer
Washington Post Service

In a cavern near China's Yangtze River, scientists have identified fossil remains and primitive stone tools of what could be the first human ancestor known to have left Africa.

The discovery in Longgupo, or Dragon Bone Cave, suggests that primitive humans migrated from Africa to subtropical Asia at least 1.9 million years ago — about 100,000 years earlier than previously thought — "with the aid of a very simple stone tool-kit," said Russell Ciochon, a paleoanthropologist at the University of Iowa. He led the international team of scientists that analyzed the bones and artifacts.

The fossil fragments consist of a part of the left side of an adult lower jaw and an upper incisor tooth — but they are enough to indicate that these earliest migrants belonged to a more primitive species than expected, the researchers report in the Nov. 16 issue of the journal Nature.

Mr. Ciochon said in a telephone interview that the new hominid, the family of primates that includes humans, "is so early, so primitive and so unexpected that it may well overturn a number of theories about human evolution in Asia."

The fragments indicate that the new hominid resembled two

species believed to have made some of the earliest known stone tools: Homo habilis (handy man) and Homo ergaster (work man). Until now, both species had been known to exist only in East Africa more than 2 million years ago.

"This discovery is the first to demonstrate a direct link between Asia and the well-known early human sites of eastern Africa," Mr. Ciochon said.

The two stones, or "tools," found at Longgupo resemble those of two types first identified at the famous East African fossil site of Olduvai Gorge in Tanzania.

That is, they were chosen by someone to "fit within the hand," the researchers said. They are river "cobblestones" of tough volcanic rock. One was used as a hammer and the other was flaked to provide a cutting or scraping edge.

The first primates appear in the fossil record about 65 million years ago. Research done in the 1960s — comparing the molecular structure of modern African apes and humans — indicated that the ape and human evolutionary lines diverged about 4 million to 6 million years ago.

Scientists now generally accept the theory that the earliest human-like creatures evolved in Africa. But there has been less

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Is This Russia or Hollywood?

Duma Candidates Are 'Bustin' Loose' on Image

By Alessandra Stanley
New York Times Service

MOSCOW — Prime Minister Viktor S. Chernomyrdin cherishes his stodgy, button-down reputation. He is not young, he is not funky and he most definitely does not "rock the house."

And that is why it was a bit surprising that Mr. Chernomyrdin's campaign hired the American rapper Hammer to enliven the image of Our Home Is Russia, the centrist political party.

Against a glowing red, white and blue Our Home Is Russia backdrop at the Rossiya concert hall, Hammer bellowed, "We feel like bustin' loose!" His be-

wildered audience, mostly made up of middle-aged Russian bureaucrats and campaign workers, did not.

The campaign for Russia's parliamentary elections, which are scheduled for Dec. 17, has begun, with about 5,000 candidates struggling for the attention of voters. And although almost all of them are wrapping themselves in patriotism, nationalism and fierce anti-Western slogans, their campaigns have gone completely Hollywood.

In television advertising, sex, money and fear-mongering are far more prominent this year than issues and plat-

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| Dow Jones | Trib Index |
|------------|--------------|
| Up 46.61 | Up 0.75% |
| 4969.38 | 125.83 |
| The Dollar | Thurs. close |
| New York | 1.4065 |
| DM | 1.5559 |
| Pound | 1.5605 |
| Yen | 102.13 |
| FF | 4.8555 |

| Newsstand Prices | |
|--------------------------|-----------------------------|
| Bahrain.....1,000 Din | Malta.....45 c. |
| Cyprus.....C. \$ 1.00 | Nigeria.....710,000 Naira |
| Denmark.....14.00 D.Kr. | Oman.....1,250 Rials |
| Finland.....12.00 F.M. | Qatar.....1,000 Rials |
| Gibraltar.....£ 0.85 | Rep. Ireland.....IR £ 1.00 |
| Great Britain.....£ 0.85 | Saudi Arabia.....10,000 R. |
| Egypt.....£ 5 | S. Africa.....R10 + VAT |
| Jordan.....2,50 JD | U.A.E.....10,000 Dirh |
| Kuwait.....K. SH. 150 | U.S. MIL (Eur.).....\$ 1.20 |
| Zimbabwe.....Zim \$20.00 | |



Paving Way to Peace Talks / A Milestone in Post-Cold War Military Action

The Anatomy of NATO's Decision to Bomb Bosnia

By Rick Atkinson
Washington Post Service

NAPLES — The Monday morning paperwork was piled high on Admiral Leighton W. Smith's desk, and, as usual, the commander of NATO's southern flank shuffled through the mound with the peevish air of an attack pilot who would rather be holding a joystick than a pen.

But it was the sudden commotion coming from the television set — muted and tuned to CNN — that caught Admiral Smith's eye. He turned up the sound, first horrified, then enraged at the unfolding scene.

Five mortar rounds had fallen on Sarajevo between 10:11 and 10:20 that morning, Aug. 28. Four detonated harmlessly; the fifth exploded in the Mirka market, killing 38 people and wounding 85. The shell landed only a few yards from where a similar blast in February 1994 had killed 68.

Angered at what he considered a despicable act of terror, he telephoned the British general in Zagreb, Croatia, who served as his liaison

First of two articles

officer to Lieutenant General Bernard Janvier, commander of United Nations forces in the former Yugoslavia. "You go to Janvier and you tell him that a Bosnian Serb shell, I'm going to start the process of recommending strikes," Admiral Smith said, meaning air strikes.

His call set in motion not only Operation Deliberate Force — NATO's air and artillery campaign — but the events that led to the current Bosnian peace talks in Ohio and the likely winter of about 60,000 NATO combat troops in Bosnia.

While modest by the standards of modern warfare — the 3,515 aircraft sorties flown during nearly three weeks of Deliberate Force were equivalent to a single active day in the Gulf War — the operation was significant both as a milestone in the post-Cold War drama of how to apply military force in pursuit of international stability, and in what it portends for the planned peace enforcement mission in Bosnia.

Deliberate Force foreshadowed many features that surely will mark a major deployment to the Balkans: bickering allies; tension between military commanders and their political masters; the blend of doubt and resolve commonplace whenever troops are sent in; and the fault lines among 16 allies whose interests and agendas often differ.

The operation revived what had long been considered a fatuous oxymoron — surgical bombing — by flinging 1,026 high-explosive munitions with impressive precision. The death of civilian casualties and collateral damage reflected pilot discipline and the fact that a three-star general scrutinized each of the 338 "aim points" on the 56 targets struck.

YET, the bombing was not as flawless as publicly depicted. Bad weather, tough targets, Serb anti-aircraft fire and pilot mistakes contributed to errant bombs — about one-third of 708 guided "smart" bombs missed. NATO also periodically dumped bombs on a site outside Sarajevo, dubbed "the CNN target," partly to kick up smoke and dust for television cameras.

The operation also validated force as an effective handmaiden to diplomacy. It infused NATO with a new sense of strength, while underscoring the difficulty of keeping the alliance cohesive when bullets begin to fly. It illustrated that a sustained NATO combat

expedition is impossible without U.S. muscle. Satellite intelligence, electronic jamming and other technological contributions were virtually all American, while the United States flew two-thirds of all aircraft sorties.

Finally, the campaign demonstrated that the much-touted delegation of authority down the line to military commanders lasted only until their superiors disagreed with their decisions. Both General Janvier and Admiral Smith were at times overruled, notably in their joint decision to halt the operation after two days. Moreover, the marriage of convenience — or desperation — between NATO and the United

States was low. After so many unavenged atrocities, this shell was the proverbial last straw. Pretext or not, it would serve.

In an 11 P.M. phone conversation, barely 12 hours after the massacre, Admiral Smith and General Smith agreed to turn their keys.

Tuesday, Aug. 29, was spent haggling over targets. General Janvier rushed back to Zagreb from France, snatching back the key but affirming General Smith's decision to attack.

UN intelligence estimated that the Bosnian Serbs had 250 heavy weapons, "give or take 50," 76mm and larger in the "exclusion zone" ringing Sarajevo. Finding and destroying those

opinion to bring Deliberate Force to a stop. So General Ryan personally selected each aim point.

At 9:30 P.M. on Aug. 29, General Janvier and Admiral Smith finally reached an agreement. In addition to the Dead Eye list, Deliberate Force would start with 25 air targets plus 15 others that would be shelled by artillery from the British-French Rapid Reaction Force on Mount Igman outside Sarajevo. The attack would begin in less than five hours, at 2 A.M. on Aug. 30. Given good weather, the operation was expected to last four or five days.

At 2:12 A.M. on Aug. 30, the first bombs



General Janvier, head of the UN force.

The operation validated force as an effective handmaiden to diplomacy. It infused NATO with a new sense of strength, while underscoring the difficulty of keeping the alliance cohesive when bullets begin to fly. It illustrated that a sustained NATO combat expedition is impossible without U.S. muscle, such as satellite intelligence and electronic jamming.



Admiral Smith, NATO commander.

Nations showed severe strains on occasion, especially in a heated dispute over how best to end the campaign.

In his anger, Admiral Smith had momentarily forgotten when he phoned his message to General Janvier that the UN commander was on vacation in France. General Janvier had formally delegated authority to Lieutenant General Rupert Smith, commander of UN forces in Bosnia.

Under a recent agreement between NATO and the United Nations, Admiral Smith and General Janvier shared authority to launch broad retaliatory counterattacks in Bosnia. Both men had to agree to turn their "keys" — or strike authority — before the first bomb could fall. In General Janvier's absence, General Rupert Smith held the UN key.

Here was no small irony. Under intense pressure from NATO and U.S. officials, who believed military commanders should gauge when Serb transgressions warranted reprisals, the UN secretary-general, Boutros Boutros Ghali, on July 26 had taken the key from Yasushi Akashi, his top civilian envoy in former Yugoslavia, and given it to General Janvier.

But NATO hoped to push the key even further down the chain of command to General Smith, who was viewed as more inclined to martial action than the cautious General Janvier. But Mr. Boutros Ghali demurred, supported by France, and the key had remained with General Janvier.

The overriding task on Aug. 28 involved trying to assess culpability in the Mirka massacre. Critics, notably the Russians, would soon contend that the United Nations had rushed to judgment, that proof of Serbian guilt was inconclusive.

In truth, UN military officials said, after an estimated one million shells had fallen on Sarajevo since April 1992, the burden of proof

small, mobile targets in a 240-square-mile (620-square-kilometer) zone was impossible.

Humiliated in July by the Serbian capture of the UN-declared "safe areas" of Srebrenica and Zepa, NATO and the United Nations had finally decided that future Serbian violations of Security Council edicts would be met with attacks against a broad array of targets spread over a wider geographic area. But NATO first would need to smash the Bosnian Serbian air defense network.

THE destruction in early June of a U.S. Air Force F-16 over northern Bosnia had stunned NATO planners, who had underestimated the Serbian ability to activate and fire an SA-6 undetected. U.S. intelligence agencies previously had hoarded their gleanings about the Serbian military; now they shared more freely.

The result was Dead Eye, NATO's plan to eviscerate the air defenses of Bosnia. On Aug. 29, Dead Eye included 26 targets with 68 individual aim points. By agreement between New York and Brussels, air defenses throughout Bosnia were fair game in order to protect NATO pilots.

Lieutenant General Michael E. Ryan, the NATO air commander in Italy, had long been studying the Bosnian Serbian military. The three Serbian Army corps in eastern Bosnia relied on mobile units equipped with heavy weapons and maneuvered through a good communications system. By battering the communications web and whittling away at its military infrastructure, General Ryan believed he could inflict enough pain to compel Serbian compliance with UN demands.

NATO would not have to kill Ratko Mladic, the Bosnian Serbian commander if it isolated him and his chiefs.

A single mistake — bombing a church, strafing a school bus — would cause public

detonation. Forty-three attack jets, escorted by 14 radar-killing aircraft, struck Dead Eye targets in southeastern Bosnia, including radar sites, command bunkers and communications facilities. Another 20 planes with eight escorts soot followed with strikes against ammunition dumps and other targets near Sarajevo. Four additional waves struck during the day.

Early Tuesday morning, General Janvier sent General Mladic a letter by fax to Pale vowing that strikes would continue until "such time as I am convinced that the threat of further attacks by the BSA has been eliminated." He was referring to the Bosnian Serbian Army. At 1:30 P.M., Mr. Akashi was summoned in Zagreb by a call from President Slobodan Milosevic of Serbia. If General Janvier would send another letter spelling out his conditions, Mr. Milosevic said, General Mladic seemed likely to capitulate. Mr. Akashi, General Janvier and others put together a letter demanding an end to attacks, the withdrawal of heavy weapons from around Sarajevo and "an immediate and complete cessation of hostilities throughout the territory of Bosnia-Herzegovina."

NATO, which had not reviewed the conditions before the second letter was dispatched, was seriously alarmed. The final point in particular appeared to raise the bar too high. If General Mladic accepted a complete cease-fire, how could NATO compel the Bosnians and Croats also to comply? The alliance quietly disavowed the third condition and was relieved to learn that UN headquarters in New York did not buy it either.

Given the diplomatic and military shortcomings in the early phase of Deliberate Force, it thus came as a pleasant surprise when word filtered out of Pale via Belgrade on Aug. 31 that perhaps it might be time to talk.

MONDAY: A pause before Act 2

Gulf Nations Fear Anti-U.S. Violence Ripples From Saudi Blast

By Douglas Jehl
New York Times Service

KUWAIT — The bomb that exploded this week in Saudi Arabia has set off wide reverberations among its Gulf neighbors, whose sheikhdoms and emirates depend on the West for protection against regional enemies.

While no one yet knows who was responsible for the bombing that killed five Americans and at least one other foreigner, the apprehension felt here is based on the fear that it was the work of Saudi militants who deeply resent that foreign presence.

For countries that have struggled side by side with Saudi Arabia to balance their reliance on the West against the anger of conservatives, the explosion in Riyadh carried with it the prospect that balance might be coming undone.

"Those who committed this criminal act did not target the kingdom of Saudi Arabia alone," the Kuwaiti Parliament said in a statement. It said those who carried out the bombing "aimed at planting seeds of instability" across the six-nation alliance known as the Gulf Cooperation Council.

In addition to Saudi Arabia and Kuwait, the other members of the 14-year-old alliance are Oman, Qatar, the United Arab Emirates and Bahrain, all of which have been confronted by increased criticism from conservatives as the United States has built up its forces in the region as a counterforce to Iraq and Iran since the Gulf War.

Raymond E. Mabius Jr., the American ambassador to Saudi Arabia, acknowledged Wednesday that the U.S. Embassy in Riyadh twice received faxed threats this year from an Islamic militant group that de-

manded a July deadline for withdrawing thousands of American and British troops.

The group, the Islamic Movement for Change, vowed in statements received by the embassy in April and June to "evict" the Western forces from the Saudi kingdom. But Mr. Mabius told reporters in Riyadh that the embassy did not order major changes in security because Saudi Arabia was seen as "one of the safest places" in the world.

Except for street demonstrations in Bahrain earlier this year, nowhere had dissent about the presence of Western forces erupted in recent violence. On Sunday, however, at a meeting in Bahrain, interior ministers representing the Gulf alliance expressed fears of such a surge.

In an interview published Wednesday in a Kuwaiti newspaper, the Saudi interior minister, Prince Nayif bin Abdel Aziz, said: "We should not rule out the possibility of seeing organized crime here, because we are a part of this world."

He made no direct reference to the bombing of Monday, but his comments were described in the Kuwaiti press as part of an effort to prepare the population for the possibility of more violence.

In Riyadh, the Saudi government offered an \$800,000 reward for information leading to those responsible for the bombing, who Mr. Mabius said had used a "very sophisticated" device set off by a timer.

In Kuwait, some officials said they suspected the bombing had been carried out by Iraq, and pointed to possible parallels to a plot that the United States ascribed to Iraq to assassinate former President George Bush with a car bomb here in April 1993.

TRAVEL UPDATE

2d French Strike Is Called for Nov. 24

PARIS (Reuters) — The CGT trade union, one of France's biggest, called a 24-hour general strike on Nov. 24 to protest the government's proposed welfare reforms.

The strike would coincide with a civil-service strike planned for the same day.

Louis Vianney, leader of the CGT, said in a statement that Prime Minister Alain Juppé's welfare package, unveiled Wednesday, necessitated "a wide riposte from all workers in the public and private sector."

Seven civil-service unions have now called on their members to strike on Nov. 24, as they did on Oct. 10 in a walkout that disrupted many public services and state-owned companies.

China and Britain Fight Over Visas

BEIJING (AP) — China said Thursday that it had retaliated against Britain for tightening its visa policy by requiring all holders of British passports to obtain visas to visit China, even for transit through the country.

The spokesman for the Foreign Ministry, Shen Guofang, said the new restrictions went into effect Tuesday.

The British Embassy in Beijing notified the Chinese government in late October that Chinese nationals would have to obtain visas in Britain for travel and transit, Mr. Shen said. The stricter policy, London said, was aimed at stopping Chinese from entering British ports and airports and requesting political asylum.

Strike Slows Belgium's Rail Traffic

BRUSSELS (AFP) — Rail traffic was disrupted across Belgium early Thursday as railroad workers went on strike to protest a cost-cutting plan put forward by the national rail group SNCB.

The stoppages paralyzed service to Germany and Luxembourg, but trains to Paris and Amsterdam kept running. Further strikes are scheduled for Thursday and Friday next week, which would be followed by a nationwide strike and demonstration Dec. 13.

European Union experts meeting in Brussels on Thursday delayed at least until Dec. 21 a decision on new seat-belt rules for minibuses, a European Commission official said. (Reuters)

Guests staying at a Geneva hotel on Dec. 1 will find a free condom, stashed neatly next to the shoeshine cloth and the bar of soap, in recognition of international AIDS day, an official at the Penta Hotel said. (AFP)

Lower Cholesterol Helps Even Strong Hearts, Study Says

By John Schwartz
Washington Post Service

WASHINGTON — Scientists have known for some time that lowered cholesterol is a potent weapon for protecting victims of heart attacks from further attacks, but a new study holds the promise of help for people who have shown no signs of heart disease.

The study, from Scotland, shows that lowered cholesterol

reduces the risk of heart attack by about a third in people with moderately high cholesterol who have previously shown no indications of heart trouble, researchers announced.

The study of 6,595 Scottish men with moderately elevated cholesterol also found that taking a cholesterol-lowering drug reduced the death rate from heart disease among participants by 28 percent.

The results of the study, which appears in Thursday's edition of the New England Journal of Medicine, were presented at the annual meeting of the American Heart Association in Anaheim, California.

"The benefits of reducing cholesterol are now established beyond any reasonable doubt," wrote a Norwegian researcher, Terje R. Pedersen, in an editorial accompanying the study. Thus, anyone with high cholesterol levels can benefit from reducing the amount of low-density-lipoprotein cholesterol, the type most strongly implicated in causing blood vessel blockages.

First, said Christopher J. Packard, an investigator in the West of Scotland Coronary Prevention Study, "you have to go with diet. If that has failed, you can then reach for your prescription pad."

The study enrolled men whose cholesterol levels had not responded to changes in diet.

The 6,595 men in the study ranged in age from 45 to 64 and their cholesterol levels averaged 272 milligrams a deciliter. Half of the participants were randomly assigned to take pravastatin, which is sold under the brand name Pravachol by Bristol-Myers Squibb, the sponsor of the study. These participants reduced their total cholesterol levels by 20 percent and their low-density-lipoprotein cholesterol levels by 26 percent.

The study followed participants for an average of 4.9 years. Those taking a placebo,

or dummy pill, showed no drop in cholesterol levels. In the group taking the drug, 174 men had heart attacks or died from coronary heart disease, as against 248 of the men taking the placebo.

Pravastatin is one of a new class of cholesterol-lowering drugs known as statins, which inhibit the

In his editorial, Mr. Pedersen wrote that the treatment of high cholesterol to prevent heart disease "can yield as much clinical benefit as the treatment of mild and moderate hypertension," or high blood pressure.

Although women do not have as high a rate of heart disease as men in general, their risk does rise with age, and older

er women would reduce that risk by lowering their cholesterol, Mr. Pedersen said in an interview. He headed the Scandinavian Simvastatin Survival Study, which published results last year in the Lancet, the British medical journal, showing clear benefits from lowering cholesterol in men and women who already had coronary disease.

"There is no reason to think that women would not benefit from these treatments," said Suzanne Opari, past president of the American Heart Association and a professor of medicine at the University of Alabama at Birmingham.

The strong results were in part a result of the site of the study, Miss Opari said. "It's no question that they chose the West of Scotland because these people have the worst health habits, outside of Russia, in the western world."

Along with high cholesterol, 44 percent of the men were smokers.

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To Our Readers

Because of a computer malfunction, a number of copies of the International Herald Tribune of Thursday, Nov. 16, (issue no. 35,059) were distributed with some pages identified as Friday, Nov. 17. The IHT regrets the error and any confusion it might have caused.

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THE AMERICAS

Clinton 'Surprised' by Gingrich's Revenge

The Associated Press — President Bill Clinton said Thursday that he was "sorry and surprised" if Newt Gingrich, the House speaker, took offense at the way he was treated on Air Force One, the president's official aircraft. Mr. Clinton's chief of staff was less charitable, saying that Mr. Gingrich's reaction was outrageous and bizarre.

Mr. Gingrich had said that he and the Senate majority leader, Bob Dole, felt slighted by Mr. Clinton during a trip to and from the funeral of Prime Minister Yitzhak Rabin of Israel. More important, the speaker said his personal pique helped prompt a partial shutdown of the federal government.

The alleged snub, the Georgia Republican told reporters, was "part of why you ended up with us sending down a tougher continuing resolution" — the stopgap spending bill that Mr. Clinton vetoed Monday.

The president's veto led to a partial shutdown of government operations

on Tuesday, Wednesday and Thursday. As Democrats tried to keep the controversy alive, the president avoided the abrasive talk his aides have used. "If I genuinely hurt their feelings, I'm really sorry and surprised," he said. He made the comment during a brief visit to the White House press office to thank interns for pitching in to help during the government shutdown.

As for Mr. Gingrich using his ire as an excuse for drafting a tough spending resolution, Mr. Clinton said, "I just don't understand it." But he added with a laugh, "I just work here."

He said he made a point of visiting with Mr. Gingrich and Mr. Dole before Air Force One landed to say goodbye and thank them for accompanying him. The White House released a picture of Mr. Clinton talking aboard the plane with a group of VIPs, including Mr. Dole, Mr. Gingrich and Mrs. Gingrich.

"It is bizarre," Leon E. Panetta, the White House chief of staff, said of Mr. Gingrich's reaction. "I think all of this

is outrageous that they would use that kind of pettiness to shut down the federal government."

Efforts by House Democrats to make the most of Mr. Gingrich's vexation led to a vote on whether a blowup of Thursday's New York Daily News front page should be allowed on the floor to illustrate their criticism of the speaker.

Voting 231 to 173, along nearly strict party lines, the House ruled out of order the use of the page with its cartoon of Mr. Gingrich as a crying baby and the headline, "Cry Baby, Newt's Tantrum." He closed down the government because Clinton made him sit at back of plane.

Representative Patricia Schroeder, Democrat of Colorado, appeared on the House floor Thursday waving a statuette she said was an Oscar for Mr. Gingrich's performance as a child actor. She accused him of "shutting down the whole country because of his little pique" and asked: "Could we get a performance that's more statesmanlike?"

Mr. Gingrich said Wednesday that Mr. Clinton did not allow him and Mr. Dole to sit in the front of the plane during the long flight to and from Jerusalem.

Furthermore, Mr. Clinton barely spoke to them during the trip, Mr. Gingrich said, and he and other congressional leaders were told on arriving back at Andrews Air Force Base that they had to exit from the rear of Air Force One — rather than with the president at the front door.

"Both of us got on that airplane expecting to spend several hours talking about the budget and how we avoid the shutdown," Mr. Gingrich said. "Every president we had ever flown with had us up front. Every president we had ever flown with had talked to us at length."

The White House spokesman, Mike McCurry, was incredulous. "I just fail to believe the speaker would somehow or other connect this to the current budget crisis."



Leon Panetta briefing the press at the White House on Thursday on the budget crisis.

POLITICAL NOTES

Clinton Takes the First Round

WASHINGTON — A few days into the great budget standoff of 1995, President Bill Clinton has emerged as a clear political winner over Bob Dole, the Senate majority leader, and Newt Gingrich, the House speaker — in the short run, at least.

"Look at how worried they look!" a Clinton aide crowed as the furrowed visages of Mr. Gingrich and Mr. Dole appeared on the television set in his office.

A CNN/USA Today poll found that the public blames the Republicans for the deadlock more than Mr. Clinton by a wide margin of 49 percent to 26 percent, with 19 percent blaming both sides.

Republicans acknowledged that the president has beaten them in the tactical battle for public opinion so far. But they said they were confident that they could turn the tide — if they can change the focus of the debate from the government shutdown to their plan to balance the federal budget.

"We can't win a fight over 24-hour resolutions," lamented a GOP strategist, Eddie Mahe, referring to spending resolutions. "Clinton just goes into the White House press room and beats us every time." But, he added, "once we pass a balanced budget, the burden will be on him."

White House aides, on the other hand, were gleeful. "We're trying not to gloat," a senior adviser said, "but he has hit everything just right this week."

In the view of the president's political handlers, the budget battle is not just about whether Mr. Clinton will accept Republican spending cuts. It is a chance to show their sometimes-irresolute president drawing a line in the sand and fighting for something he believes in.

Mr. Clinton's aides said that he accomplished that by relentlessly warning that the Republican spending plan would damage Medicare and other popular programs. The poll gives some support to that theory: Asked whom they trusted to cut the budget while maintaining necessary programs, 49 percent said the Democrats and 36 percent the Republicans — a reversal from the beginning of the year. (LAT)

A Division Over Principle...

WASHINGTON — Sooner or later, the Democratic president and the Republican Congress will find a way out of the entanglement that has caused much of the government to close down.

What is blocking the bill giving the government authority to spend money temporarily is a disagreement over dollar amounts and economic projections. When differences can be boiled down to numbers, politicians can usually find ways to split the difference and save face.

But it is nearly impossible to fathom the elements of a long-term solution to the division between the president and his Republican opponents. Here, the dispute is over principle — over what role the American government should play in the lives of its citizens. Compromising on principles is much more difficult than compromising on numbers. (NYT)

...and a Struggle Over Numbers

WASHINGTON — For Republicans, their yearlong dispute with the president boils down to whether or not Bill Clinton will support the effort to balance the budget by 2002 and use "honest" government economic forecasts and spending projections in calculating the plan.

Republicans are insisting on the use of the economic forecasts of the Congressional Budget Office, while the White House wants to rely on the more optimistic assumptions of the Office of Management and Budget, which the administration maintains are more accurate.

Newt Gingrich, the House speaker, and Bob Dole, the Senate majority leader, charge that the president has waffled on the issue and prefers to use the administration's economic projections to ease the challenge of wiping out the deficit. They said that Mr. Clinton's objections to the inclusion of the Medicare premium increase in the legislation was a "smoke screen" to mask his efforts to spend more money.

The White House chief of staff, Leon E. Panetta, and congressional Democrats have objected to the Republicans' demand to include the seven-year balanced-budget requirement in the continuing resolution because it would have the effect of committing the president to many of the Republicans' more draconian plans for cutting spending. (WP)

Quote / Unquote

Leon E. Panetta, the chief of staff, replying to Newt Gingrich's statement that the president's "snub" of Republican leaders traveling on the White House plane to Prime Minister Yitzhak Rabin's funeral was a factor in the deadlock over the budget: "I think all of this is outrageous — that they would use that kind of pettiness to shut down the federal government and penalize people in this country because they somehow feel that perhaps their egos weren't stroked." (Reuters)

No Government? Who'd Know?

Few Outside Capital Feel the Shutdown

By Brian Knowlton
International Herald Tribune

WASHINGTON — To the thousands in Washington and elsewhere whose livelihoods flow more or less directly from Uncle Sam's deep pockets, it is not funny — it has been difficult, painful and dramatic.

But elsewhere around the country, it has fast become a standing joke. No government? Great! Who would know?

"The media has built this up like it's a hurricane on the way," said Dick Busby, owner of a construction company in Dayton, Texas. "I don't even know anybody who has felt the impact."

Thus, the picture in the nation's capital, where the budget dispute that closed much of government Tuesday plays out in an escalation of jilted-outness and angry line-in-the-sand drawing, contrasts sharply with the scene in the blissfully oblivious heartland.

There, millions of people can go for months with no closer encounters with Big Government than the arrival each day of their mailman.

In all, 800,000 federal employees were sent home when funds for government operations ran out amid a sharp confrontation between the White House and congressional Republicans over spending and budget plans. These were the workers deemed — branded, some felt — as "nonessential," meaning they made no direct contribution to the health, safety and welfare of their fellow citizens.

U.S. Politics Take an Overseas Toll

Ukraine Feels the Shock Waves of Washington's Brawl

By James Rupert
Washington Post Service

KIEV — In a freezing morning mist, a crowd of Ukrainians stood glumly outside the U.S. Embassy here and slowly absorbed these ideas: Because of a fight between President Bill Clinton and Congress, the U.S. government was partly closed.

The embassy would issue no visas. Until further notice, the Ukrainians' plans for travel to America were postponed. There was no further information.

It was no surprise that a government had cut off important services with no warning, leaving people to stand outside locked gates. Nothing unusual in that the bureaucrats were in their offices but refusing to receive the public. In the former Soviet Union, this has often been the way.

What staggered the hundreds of Ukrainians who crowded as usual for visas at the embassy was that it was the American government — reputedly the world's richest and most powerful — that suddenly had become nonfunctional.

Perhaps worse, on this freezing street thousands of miles

from Washington, Ukrainian peasants, teachers and businessmen suddenly discovered, as have federal workers in the United States, that the battle between Mr. Clinton and Congress had cost them serious money.

But unlike Americans who had watched the crisis coming, the Ukrainians had heard nothing in advance of Uncle Sam's impending paralysis.

The sudden shutdown "is the kind of thing we expect from our own bureaucrats, but people are shocked that this should happen with Americans," said Katerina Gromova, who had come to seek visas for some children to receive medical treatment in the United States. "It's quite astonishing. Any Ukrainian can understand a country having economic difficulties, but this is the richest country in the world, isn't it?"

Outside the embassy, the day had begun as usual. Ukrainians began lining up at about 4 A.M. on Wednesday outside the gate on Yuri Kosubinsky Street, their visa applications, photos and passports in hand.

After dawn, the line swelled with out-of-town applicants who had arrived on overnight

trains from western and southern Ukraine, then trudged the two kilometers (a mile and a half) to the embassy.

On a good day, the visa line is nervous, pushy and long. It often stretches for a half-block, and the embassy typically processes 200 applications a day.

But at 8:45, a State Department cable blinked into the embassy computer, ordering "an orderly shutdown of nonessential services," said Victoria Sloan, the press officer.

The head of the embassy's consular section walked out to the street to explain the budget crisis in Washington and the consequence in Kiev: no visas.

But the Ukrainians, stunned that long-planned visits to relatives or important business trips were suddenly scuttled, found it difficult to take in. For hours, much of the crowd milled around across the street, hoping for more information and worrying about what to do.

The Ukrainians pointed out an American journalist who rolled up. "The man told us they won't issue visas, but they're all in there at work," said a man named Sasha. "Is the embassy on strike?"

Away From Politics

An unidentified donor has given \$15 million to renovate the New York Public Library's main reading room. Once the renovations are complete, the reading room will be named for the donor. (AP)

A second suspect was convicted of first-degree murder in the shooting death of a German tourist, Khamchan Bret Ketsouvanasane, 20, one of three suspects connected to the May 16, 1994, murder at a scenic highway viewpoint in California, was found guilty of robbing and murdering Gisela Pfeiffer, 62, and the attempted murder of her husband, Klaus Pfeiffer. Although a co-defendant, Thongxay Nilakout, 18, was convicted as the actual shooter, Mr. Ketsouvanasane was also found guilty of murder because complicity in a felony — robbery — that leads to murder exposes accomplices to the same murder charges. (LAT)

"Systemic deficiencies" at Memorial Sloan-Kettering in New York led a surgeon to operate on the wrong side of a patient's brain in May. In a scathing report, New York health officials said that the hospital had missed several opportunities to prevent the error and that its staff failed to follow the most basic medical procedures, like reviewing the patient's medical history. (NYT)

Republican Freshmen Keep Faith

In Crusade to Balance Budget, 'Forget Popularity'

By Robin Toner
New York Times Service

WASHINGTON — The public opinion polls have turned against the Republicans, the constant assaults on their party's Medicare proposals have raised alarms back home, much of the government is shut down and the rival Democrats, suddenly, no longer look so humbled.

But within the fervent core of the Republican revolution, among the 73 freshmen sent to the House of Representatives just a year ago, this is no time for faint hearts.

"Forget popularity," declared Representative Zach Wamp of Tennessee. "This is a gut check for what we're doing here."

They are here, many of the freshmen say, to balance the budget in 7 years — not 8 or 9 or 10 — and if it means closing the government to do it, so be it.

Moreover, in defiance of the polls, many say they believe their constituents are with them. Representative Sam

Brownback said he heard shouts of "shut it down" when he walked a parade route back home in Kansas last weekend.

Representative David M. McIntosh of Indiana said that at a meeting of the freshman class Tuesday night, "Someone asked, 'Anybody got problems back home with the fact that the government's shut down?' And not a hand went up."

"This class is pretty resolved," Mr. McIntosh added.

Whatever its grounding, the mood of the freshmen matters immensely in this budget impasse. Ever since the freshmen came to town, people have struggled to figure out whether they were driving the speaker, Newt Gingrich, or he was driving them.

Democrats say that in bipartisan budget meetings, Mr. Gingrich sometimes sends signals that he is in full command of his caucus, but at other times portrays the freshmen as a force unto themselves. Freshmen sometimes talk about a "symposium" with the speaker.

Ed Gillespie, press secretary

Attorney General Reno Has Parkinson's Disease

The Associated Press

WASHINGTON — Attorney General Janet Reno disclosed Thursday that she has Parkinson's disease. She said it was not adversely affecting her work and that she will remain in her post.

"I'm taking my medicine. I feel fine now," the 57-year-old attorney general said at her weekly news conference. Her only symptom so far has been

trembling in her left hand, which she first noticed this summer.

The disease robs people of control over their movements. She said that she advised the White House after the diagnosis was made three weeks ago and that the chief of staff, Leon E. Panetta, "was very supportive."

Ms. Reno made it clear she had no intention of resigning.

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ASIA

Roh Is Arrested In Bribery Case Scandal Astounds Korea

By Kevin Sullivan
Washington Post Service

SEOUL — Former President Roh Tae Woo was arrested Thursday on charges that he collected bribes to amass a \$654 million political slush fund while in office in a scandal that has astounded even corruption-weary South Koreans and tainted this country's political and industrial aristocracy.

Mr. Roh, 62, who was president from 1988 to 1993, was taken into custody at the prosecutor's office where he had been questioned for nearly 29 straight hours. He spoke briefly with reporters waiting outside.

"My dear fellow citizens, I am terribly sorry," he said. "I alone will take full responsibility for what has happened and I will accept any punishment."

With that, the former president was taken to a detention center outside Seoul. The highway to the jail was cleared of traffic and Mr. Roh was transported in a motorcade of dozens of police cars with lights flashing and sirens blaring. Television crews were allowed to pull up along both sides of the car carrying Mr. Roh and broadcast live images of him wedged between two police officers in the back seat.

Mr. Roh, the first South Korean head of state ever arrested on criminal charges, faces from 10 years to life in prison.

Throughout the day, images on Korean television documented Mr. Roh's dramatic fall from fabulous highs to stunning lows: Mr. Roh in his South Korean Army general's uniform, President Roh proudly opening the 1988 Olympic games in

Seoul, President Roh meeting with the former Soviet leader, Mikhail S. Gorbachev, followed by grim images of the former president slumping over in exhaustion and humiliation after 16 hours of questioning by prosecutors on Nov. 1.

One station repeatedly showed slow-motion footage of a sullen Mr. Roh walking into the prosecutor's office for more questioning Thursday, with a close-up of his arrest warrant superimposed over the scene.

Since Oct. 27, when Mr. Roh made a tearful confession on national television that he had raised and controlled the secret fund, a nearly unbelievable drama has been playing out here. Each day on live television, respected leaders of all of the country's most influential industrial conglomerates have been paraded into the office of the prosecutors investigating the Roh fund.

Thirty-five executives have been questioned, including the heads of such massive and globally respected firms as Hyundai, Samsung and Daewoo. So far, no one but Mr. Roh has been charged criminally.

Prosecutors have said that some of the executives admitted to having paid bribes to Mr. Roh in exchange for lucrative government contracts. They also said that executives had acknowledged contributing about \$400 million of the slush fund, with Hyundai giving about \$34 million and Samsung about \$32 million.

Prosecutors said their inquiry would widen to include banks, utilities and other state-owned companies. And because some of Mr. Roh's cache is believed to be held in Swiss bank accounts, prosecutors



CHILD WARRIORS — Fighting by Tamil Tiger rebels against Sri Lanka often involves children. The government armed a Sinhalese girl, left, in Dimbulagala, in a region where rebels have massacred villagers. At right, a 16-year-old Tamil Tiger. The army geared up on Thursday to attack the rebel stronghold in Jaffna.

summoned the Swiss ambassador on Thursday to ask for his government's assistance in tracking down the money.

In his televised confession, Mr. Roh said nearly \$250 million from the slush fund was still sitting in secret bank accounts. He did not say where he got the money or how it was spent.

In subsequent interrogations by prosecutors, including the marathon session on Nov. 1, Mr. Roh claimed he could not remember details of who gave the money or where it was spent.

Rumors of official corruption have dogged South Korea for decades. When the rumors were confirmed, the blight turned out to be far more widespread than anyone had imagined.

"Normally Koreans are very generous about political corruption because we have gotten used to it, but this is really unimaginable," said Oh Kie Pyung, a professor of political science at Sogang University in Seoul.

Even President Kim Young Sam has been touched by the scandal, although not necessarily tainted.

On the day Mr. Roh disclosed the slush fund, the opposition party leader Kim Dae Jung acknowledged that he had received \$2.6 million from the fund during his unsuccessful run for president in 1992.

The opposition leader then charged that President Kim, a longtime political ally of Mr. Roh's, had received more than \$100 million from the secret slush fund for the 1992 election.

The president vehemently denied taking any money and promised to see the scandal thoroughly investigated, even if it meant his old friend Mr. Roh might go to jail.

President Kim is constitutionally prohibited from running for reelection when his five-year term expires in 1997.

But political observers say that his Democratic Liberal Party, of which Mr. Roh is also a member, could be severely damaged by the revelations of a scandal that has sparked student demonstrations and deep public fury.

IMF Discussing Aid To Burma Despite Its Rights Abuses

By Kevin Murphy
International Herald Tribune

RANGOON — Overlooking widespread concern about abuses of human rights in Burma, the International Monetary Fund is discussing the resumption of assistance to Rangoon, according to IMF and Burmese officials.

Rangoon's military-led government still must commit to a demanding economic reform agenda before the IMF starts a monitoring program, which would be the first step toward providing financial aid, an IMF official in Washington said.

But Burma appears to be at a political and economic crossroads and willing to consider such steps, diplomats here said. The Burmese regime has long been condemned for its harsh treatment of political opponents, and any sign of improved relations with the IMF will bolster its campaign against international isolation, the government and its critics agreed.

"It's a victory for us," said Kyi Aye, governor of the Central Bank of Myanmar, the name by which the ruling State Law and Order Restoration Council refers to the country. "Our friends, like Japan, France and Germany, understand how Myanmar is doing."

"I am optimistic that once we have a program with the IMF it is easier for the World Bank and the Asian Development Bank to offer whatever assistance they can under their rules," Mr. Kyi said in an interview.

An unpublished IMF staff-level decision in late October to lay the groundwork for increased engagement with Rangoon did not require the endorsement of its board nor did it include financial aid of any

type, according to an IMF spokesman in Washington.

At the same time, more IMF technical assistance and advice remain conditional on clear progress on a number of economic fronts, including the devaluation of Burma's currency, a complex issue not easily resolved.

The fund's targets will be difficult for the Burmese government to meet immediately, officials in Rangoon admit. However, signs of a thaw in the relationship are widely seen as easing the way toward greater engagement with Burma by the fund, other aid organizations and individual countries.

A moratorium on IMF or World Bank assistance to the Burma has informally been in place since the State Law and Order Restoration Council cracked down on dissent and ignored the results of a 1990 national election that would have seen it voted out of power.

An opposition leader, Daw Aung San Suu Kyi, who was released in July from six years of house arrest, and supporters including the United States government have argued successfully against any relaxation in this policy before substantial political changes in the country.

"We are aware of the IMF's decision and hope to learn more about it," Daw Aung San Suu Kyi said in an interview. "I can't comment specifically on this until we do learn more but, as I have said before, it is too early to decide it is time to pour investments into Burma."

"In the last five or six years we have not seen that there is sufficient change on the economic front to decide the argument that you can progress economically in Burma without political change. You can never separate politics and economics."

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EUROPE

BRIEFLY EUROPE

Moscow Outlines Aid for Media

MOSCOW — Prime Minister Viktor S. Chernomyrdin, with a month to go to a parliamentary election, met with editors on Thursday and announced a package of financial benefits to help the struggling Russian media.

Mr. Chernomyrdin, who will head a major centrist bloc in the December election, said the new rules should take effect Jan. 1.

The benefits would include exemption from a value added tax on transport and distribution costs while sales from scientific, cultural and educational publishing would be untaxed, according to the Interfax news agency. (Reuters)

Even U. S. Joins Unesco's Party

PARIS — World leaders thanked Unesco on Thursday for its promotion of democracy and peace during its first 50 years, and artists and educators praised its initiatives to encourage global exchanges and foster cultural heritage.

President Bill Clinton sent a message saying he hoped that the United States could soon return to the agency that it left in 1984 to protest alleged mismanagement and anti-Western bias.

Mr. Clinton said rejoining the United Nations Educational, Scientific and Cultural Organization was a priority if the dues could be coaxed out of Congress. (Reuters)

EU Lacks Credibility, Panel Says

LONDON — The European Union needs to become more efficient and more credible to its citizens, a British parliamentary committee says.

These should be the key objectives of next year's Intergovernmental Conference, called to plot the future course of the union, the House of Lords committee said in its report.

The committee said the EU's plan to take in countries from Central and Eastern Europe was now the driving force shaping its future. (Reuters)

Italy Weighs Immigration Bill

ROME — Italy's government met Thursday to draft controversial measures on immigration amid continued pressure from some political parties to be tougher on foreigners who turn to crime.

Prime Minister Lamberto Dini, intervening in a dispute over what to do about Italy's growing ranks of illegal immigrants, presented a draft decree to his cabinet setting swift expulsion for illegal immigrants who commit crimes.

The Northern League Party last week provoked accusations of blackmail from the government by making Northern League support for Mr. Dini's 1996 budget conditional on tough new immigration rules. (Reuters)

Calendar

European Union events scheduled for Friday:
BRUSSELS: EU budget ministers meet to go over the 1996 budget, which will be voted on by the Parliament in December.

BRUSSELS: The president and vice-president of the European Commission, Jacques Santer and Manuel Marín, meet with Uruguayan president, Julio María Sanguinetti.

BRUSSELS: Finance Minister Arja Alho of Finland confers with the EU budget commissioner, Erkki Liikanen.
Sources: Agence Europe, AFP

Ex-Minister In France Gets Jail for Kickbacks

Compiled by Our Staff From Dispatches

LYON — A former conservative French cabinet minister, Alain Carignon, was jailed for five years, two of them suspended, on Thursday for corruption and fined 400,000 francs.

Mr. Carignon, former mayor of Grenoble and minister of communication under former Prime Minister Edouard Balladur, was convicted of receiving kickbacks 20 million francs (\$4 million dollars) in connection with the privatization of his city's water supply system.

The former minister, a member of the governing Rally for the Republic party, was also convicted of interfering with witnesses and banned from holding public office for five years.

Mr. Carignon, 46, who was forced to resign from the Balladur government in July of last year, immediately appealed the sentence and was freed.

He was the first cabinet minister to have suffered the humiliation of prison since the founding of the Fifth Republic in 1958, having been jailed pending trial for seven months before being released on bail May 3.

Mr. Carignon was replaced by a Socialist as mayor of Grenoble in municipal elections in June, but is still president of the Isère departmental council.

The court said Mr. Carignon had "committed the gravest offense for a holder of public office" in soliciting and receiving gifts from the water company Lyonnaise des Eaux. The prosecutor, Bertrand Charpentier, said the main advantage secured by Mr. Carignon was the baili-

out of the Dauphiné News, a newspaper set up to back the Rally for the Republic candidates in municipal elections in 1989. The paper allegedly received 3.5 million francs from an affiliate of Lyonnaise des Eaux.

A former Carignon aide, Jean-Louis Dutaret, 47, was sentenced to four years, two suspended, and fined 400,000 francs for acting as a go-between, Marc-Michel Merdin, former head of SDEL, a Lyonnaise des Eaux subsidiary, was sentenced to four years, three suspended, and fined 1 million francs. (AFP, Reuters)



Alexander Kwasniewski arriving for the TV debate.

German Rightist Quits Party

Agence France-Presse

MUNICH — Franz Schönhuber, founder of the extreme-right Republican Party, said Thursday he would leave the movement because of a dispute with its leaders.

Mr. Schönhuber, 72, a former Nazi storm trooper, said there

was a "political chasm" between him and the leadership.

The only significant victory of the Republican Party, which Mr. Schönhuber founded in 1983, came in European Parliament elections in 1989, when the party won 7.1 percent of the vote.

Walesa Fumbles TV Debate Smooth Rival Outperforms President

By Jane Perlez
New York Times Service

WARSAW — American-style presidential debates are a new phenomenon in Poland, and at the end of the second and last one it was clear who won on the screen.

The incumbent, Lech Walesa, 52, the brave and flamboyant union leader of the 1980s, who appeared such a pillar of strength in the West, looked like an injured fighter scrapping for points.

The challenger, Alexander Kwasniewski, 40, a former Communist who insists he is now a social democrat, was again a television producer's dream: composed, affable and unflappable. Mr. Kwasniewski, good looking and a smooth talker, is one of those candidates who looks even better and performs better on television than in person.

But it is far from clear what effect these images will have on an electorate participating in only its second democratic presidential election since the fall of the Communists. At the very least, analysts said, the debates are likely to have the most sway with the undecided voters, who are about 10 percent of the electorate.

Opinion surveys released Wednesday showed a very close race. But they were conducted before the first television debate last Sunday, when Mr. Walesa fared poorly.

One poll by the private institute Demoskop showed Mr.

Walesa leading Mr. Kwasniewski by 53 percent to 47. Another poll, by state-run television, showed Mr. Kwasniewski narrowly leading, 51.5 percent to 48.5 for Mr. Walesa.

In both debates, the two candidates flailed each other as being men of the past.

Determined to get the last word, Mr. Walesa, who had tried to be more statesmanlike

The effect of the debates on Polish voters is unclear.

Wednesday, barked at Mr. Kwasniewski's closing appeal for Polish unity: "Communists, Bolsheviks, sincerity," a sarcastic anti-Communist slogan of the 1970s and '80s.

Mr. Kwasniewski said it was time to move on. "I appreciate Mr. Walesa's achievements," he said. "But he reminds me of an athlete who keeps coming back to the fact that, once, he won a gold medal. Five more years with Walesa is five years too much."

Remorseless about his opponent's Communist past, Mr. Walesa thundered. "He is a man identified with that gang of thugs."

Before the second debate, Mr. Walesa conceded he had been "too confrontational." But even as he promised to be more controlled, he charged Mr. Kwasniewski with being part of "immorality, crimes and lies."

What precisely the two men would do for Poland was difficult to discern. They battled to and fro Wednesday night on who would be most generous to pensioners, who would solve the apartment shortage and who was the firmest backer of the privatization of state companies.

In the first debate, Mr. Kwasniewski suggested that the policy about joining the North Atlantic Treaty Organization, which he supports, should be "firm and patient." It was vital, he said, to explain to Russia that NATO membership was not directed against Moscow.

Mr. Walesa suggested that Mr. Kwasniewski as president would harm Poland's chances of joining NATO because West European leaders would see him as a "chameleon" and "untrustworthy." He said leading Poland into Western Europe would be the main aim of his second term.

Mr. Walesa's popularity plummeted during his five-year presidency to a low of single digits in opinion surveys. He rallied strongly in the last several months in a field of many candidates that was narrowed after the first round to himself and Mr. Kwasniewski.

His performance in the first debate was so unconvincing that several dozen prominent academics took the unusual step of signing a letter published Wednesday in the biggest circulation newspaper, Gazeta Wyborcza, urging a vote for Mr. Walesa even though they said he was barely palatable.

Bombs Away on Beaujolais French Wine Is Target of Nuclear Foes

By Craig R. Whitney
New York Times Service

PARIS — The annual ballyhoo over Beaujolais nouveau wine this year was upstaged in many places by boycotters protesting French nuclear tests in the Pacific, dealers said Thursday.

The first bottles from this year's Beaujolais harvest went on sale around the world at 12:01 A.M. Paris time, an annual marketing gimmick that brings in about \$100 million to producers of the fruity red wine from southern Burgundy.

Its appeal had been fading well before September, when President Jacques Chirac resumed nuclear testing underneath Mururoa Atoll, in French Polynesia, promising that the tests would end forever by next spring.

The protests may go on longer than that, and the 25 million to 30 million bottles of Beaujolais nouveau that usually go to foreign markets this month and next became prime targets as symbols of France.

The Consumers Union of Japan, in a country where 2.5 million bottles were sold at the height

of Beaujolais nouveau hype in 1990, called on customers to shun it, and in Akita, a liquor store invited people to come in and smash as many bottles as they liked.

French wine professionals say that the market for the wine has all but collapsed in Japan, the Netherlands and Scandinavia and has disappeared in Australia and New Zealand, which make plenty of wine of their own.

In Sweden, television commercials by anti-nuclear groups showed a woman swirling French red wine around in her mouth and then spitting into the glass — symbolically, what France was doing to the environment, as the sponsors saw it. The Netherlands, which took 4.8 million bottles last year, will take 25 percent fewer this year, according to the Interprofessional Beaujolais Wine Union, which also expected some losses in Germany.

But French-speaking Quebec ordered 144,000 bottles, almost half again as many as last year. Consumers in France are expected to drink 30 million bottles or so before Beaujolais stops being "nouveau" and becomes just plain Beaujolais after December.

EUROPEAN TOPICS

Italy's Ivory Towers Tainted by Scandal

A judge in Rome is investigating scores of university professors for corruption and abuse of office after a startling demonstration that university hiring practices sometimes depend more on whom people know than what they know.

A Naples scientist sent a judge the names of candidates who would be selected for academic posts — before selections supposedly had been made. It had long been known that "recommendations" carried particular weight in this process, but many were surprised at just how true this proved to be.

"There have long been rumors," said a former university official, Stefano Rodotà, "but now there is proof that a certain number of professorial positions are reserved for the lovers or children of other professors."

Shock waves from the "clean hands" operation

against political corruption have spread into almost every area of society. But the latest revelations left one philosophy professor shaking his head: "The Italian university system reminds me of the Soviet Union," said Lucio Colletti. "It can't be reformed."

Around Europe

German inventors deserve protection as an endangered species. At least that's the contention of Joachim Bader, president of the German Inventors Association. He says his fellow creators have a bad rap as wild-eyed madmen with little sense of the practical. But to Mr. Bader, they are "a driving force in the evolution of our society."

Because even their best ideas are often belittled or ignored — Germans, after all, invented the fax machine, but could sell it only to the Japanese, whose language did not lend itself to telex — inventors need a safety net, Mr. Bader believes. He suggests a 5,000 Deutsche mark (\$3,570) bonus for every patent obtained, reports the weekly Der Spiegel. So, a bonus for the inventor of the spinal air bag, which would inflate slowly during traffic jams to help relax tense

drivers and another for the man who designed the "pee pee funnel," which would help keep toilet seats clean? Yes, says Mr. Bader — all innovation is of value.

Half of all Spanish girls aged 15 to 19 who become pregnant get abortions, according to a recent study. Researchers for the Youth Institute in Madrid found a general rejection in this age group of anything that makes the sex act seem less natural. Reactions to the pill is negative; most girls who use it do so without a prescription or medical control. There is also considerable hesitation in approaching doctors for guidance. Most girls surveyed said they entered sexual relationships with feelings of guilt.

Two men who danced together at a Belfast social club have been banned for life. When the pair took to an empty dance floor, with the band playing "Baggy Trousers," a bouncer asked them to sit. Club rules allow women to dance together, he explained, but not men. The men have accused the club of discrimination.

International Herald Tribune

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INTERNATIONAL

2 Towns Symbolize Price of Peace

Bosnians and Serbs Firm on Srebrenica and Zepa

By Roger Cohen

New York Times Service

DAYTON, Ohio — The towns of Srebrenica and Zepa are symbols of the Serbian slaughter of Muslim civilians during the Bosnian war. Now, with negotiations to end the conflict in a critical phase, they have become symbols of the price of peace.

Officials involved in the talks say that the recovery of Srebrenica and Zepa, eastern Bosnian towns overrun by the Serbs this summer, is among the territorial demands on which the Muslim-led government has refused to compromise.

The Serbs, determined that their territory adjoining Serbia be as cohesive as possible, will not relinquish the towns.

"The Bosnians are still asking for Zepa and Srebrenica and of course the moral reasons are clear and absolutely justifiable," said one official. "But there comes a time when you have to choose between some absolute justice and moving forward in peace."

This territorial conflict, officials said, was among those that blocked a 14-hour effort on Tuesday by Secretary of State Warren M. Christopher to bring the two-week-old negotiations to a conclusion.

"We had the sense that they were trying to rush us to a closure," said one Bosnian official. "We feel more comfortable now that some of that pressure has been removed and we have the time to work through these very important territorial issues."

Western officials said the aim was now to end the talks over the weekend. They said that they expected that Mr. Christopher would probably return earlier than scheduled from Japan in order to be present.

But bridging the remaining gaps will not be easy. The issue of Zepa and Srebrenica illustrates the difficulty of trying to end a war whose wounds are still raw.

Put bluntly, Bosnian control of Srebrenica and Zepa now makes no sense politically or diplomatically, because the

towns would be vulnerable to attacks from the Serbs.

But by every standard of morality or justice, Bosnian control of the towns makes complete sense, because they were the scenes of Serbian atrocities against Muslim civilians, many of whom had already fled the Serbian onslaught of 1992 and were among the few survivors of the once thriving Muslim communities in Serb-held eastern Bosnian towns.

These towns, now inhabited almost exclusively by Serbs, are the living symbols of what Deputy Secretary of State Strobe Talbott this month described in these unusually candid terms: "In a word — and it is the right word — it is genocide in our time, genocide on the continent of Europe."

Yet, the United States effectively has to set this aside in order to focus on the hard facts.

"We will not forget the past," said one Western official. "But our aim now should be the creation of a territorially coherent Muslim-Croatian fed-

eration and taking it from there. Instead of focusing on guarantees for the future, the Bosnian delegation often seems to focus on symbolism."

The Bosnian official said that the positions of his government was that a map prepared in 1994 by the so-called Contact Group should remain the basis for negotiation until a new map is agreed on. This map, he pointed out, accorded Srebrenica and Zepa to the government.

But it has largely been superseded by military changes on the ground. Victories against the Serbs by the Bosnian and Croatian armies have reduced the Serbs' share of territory from the 70 percent they held when the Contact Group map was drawn to about 48 percent. As a result, the Contact Group map has quietly been discarded by Americans and Europeans.

In principle, Bosnia is to be divided between a Muslim-Croatian federation with 51 percent of the territory and a Serbian republic with 49 percent, overseen by an almost certainly weak central government.



A woman using the burned-out remains of a car as a bench Thursday as she enjoyed the relative calm in Sarajevo.

CIA and Pentagon Battle for Spying Rights

By Walter Pincus

Washington Post Service

WASHINGTON — The Defense Department's role in spying and other intelligence work is expanding, while the CIA is losing influence because of its recent embarrassments and its changing responsibilities in the aftermath of the Cold War, according to active and retired agency and Pentagon officials and congressional sources.

Pentagon agencies and officials are set to play a greater role than before in supervising key intelligence operations including interpreting spy-satellite photos, and recruiting and handling secret agents overseas.

There is even a proposal in Congress, backed by the Senate intelligence committee chairman, Arlen Specter, Republican of Pennsylvania, that would seem to have the effect of

downgrading the importance of the CIA director. It would create a new, national intelligence director working out of the White House, and supervising deputies with equal ranks at the CIA and Pentagon.

Intelligence and congressional sources said the CIA director, John M. Deutch, had encouraged the shift of responsibilities to the Pentagon. Mr. Deutch was the Defense Department's No. 2 official before reluctantly going to the CIA in May. His aides deny the claims that he is presiding over a decline in the CIA's role vis-à-vis the Pentagon.

The shift has roots in the 1991 Gulf War, when there was criticism that timely intelligence was not provided to military commanders in the field. That led the Defense Department to beef up its own intelligence-gathering operations.

The trend gained momentum with

the blow to the CIA's credibility early last year from the revelation that a CIA officer, Aldrich H. Ames, had spied for Moscow for nine years. The agency has suffered another blow in recent weeks from the disclosure that it failed to warn that highly sensitive Soviet and Russian military intelligence reports came from sources possibly controlled by the KGB.

Although the Defense Department has for years controlled 80 percent or more of the nation's total annual intelligence budget of more than \$28 billion, the CIA has traditionally been considered the major voice in intelligence matters. At the height of the Cold War, the agency spent 40 percent of its budget on Soviet military matters. It was the prime source for the president of military as well as political intelligence.

That has been changing. The Pentagon is taking over intel-

ligence support for the military. One senior official said that role "has much wider application than in the past," when the focus was on Moscow.

Such changes do not sit well with some CIA old-timers. Richard Kent, a former CIA deputy director, said his agency colleagues "see themselves losing out to the Pentagon on a number of issues where they have a key role to play in assessing actions and reactions."

"This is a bureaucratic battle and to some degree it's always been that way," he said. While he was the No. 2 man at the Pentagon, Mr. Deutch supported consolidation of some intelligence services concerning the military. He now is backing transfer of some CIA activities to the Pentagon, such as analyzing satellite photos and other images taken from space.

Tomb Linked To Maccabees

Reuters

MOD'IN, Israel — Workers widening a road in central Israel have found a cave tomb with clear links to the Hasmoneans, or Maccabees, who rebelled against Greek rule in the second century B.C.

The tomb, which contains 23 ossuaries, or boxes for human bones, is near the site of the ancient town of Modi'in, where the Hasmonean leader Mattathias raised the banner of revolt against the Greek Seleucids around 170 B.C.

Efrat Orbach, a spokeswoman for the Israel Antiquities Authority, said that about 10 of the ossuaries had inscriptions in Hebrew, and one of the inscriptions contained most of the word "Hashmonaim," the Hebrew version of the family name.

The inscription was the first archaeological evidence that the Hasmoneans inhabited the area, she said.

RUSSIA: Rockin' the House

Continued from Page 1

forms. Although Russia has experimented with American-style campaign tactics before, this campaign is beginning to look like a Soviet propagandist's worst caricature of the American democratic process.

Some politicians, like the extreme nationalist Vladimir V. Zhirinovskiy, are selling themselves with the kind of exotic imagery usually reserved for car ads and music videos. Others, including the popular nationalist general, Alexander Lebed, are using slick, scary spots about crime and corruption. And almost every party is using celebrities. Pop stars and actors are not just endorsing candidates, they are running for office on almost every party list.

The obscure nationalist party My Fatherland is led by a disident general, Boris Gromov, and one of its candidates is Josef Kohnon, a flamboyant crooner who was denied a visa to the United States because of allegations that he had mob connections. When asked at a press conference Tuesday why he was running, Mr. Kohnon replied, "Honestly speaking, who the hell knows?"

Forty-three parties will be on the December ballot, competing for 450 seats in the Duma, the lower house of Parliament. Of that number, 225 deputies are elected from party lists, and the remaining 225 are chosen from among independent candidates. "Except for the Communist Party, there is such weak party identity in Russia that candidates have to sell personalities, not political platforms," said Michael McFaul, an expert at

Stanford University on Russian politics. "It becomes Hollywood glitz — what personality can make us famous?"

Our Home Is Russia is known as the "party of power," because it is made up of government officials, is backed by the major Russian banks and has political clout and money. But it has fared poorly in most public opinion polls.

The party has recruited Nikita Mikhailov, the Oscar-winning actor in "Burnt by the Sun," and the movie's director, as well as Ludmila Zykina, a famous anthem singer who was the Soviet Katerina Smith.

"We have to use different, unusual means to wake the voters up," said Yuri Shvachkov, 30, a campaign strategist.

But it takes a lot of cash to wake people up.

An entertainment figure close to the campaign said that Hammer alone was paid \$150,000 a concert.

Spending limits and advertising rules were vague and only vaguely observed in Russia's 1993 elections.

The central election commission has issued new spending guidelines for this election year, giving each party 80 million rubles, or about \$17,000, to cover election costs, and imposed an 11 billion ruble spending limit.

But this year, as before, there are few reliable mechanisms for monitoring campaign fundraising and spending.

"We are sure we can catch violations because every electoral bloc and movement will inform us about abuses by their rivals," said Armen Shenshin, the central election commission's press secretary.

GERMANY: Social Democrats Remove Scharping for Lafontaine

Continued from Page 1

Greens, with whom he shares broad ecological concerns.

Mr. Scharping had sought to nudge the party toward the center ground commanded by the Christian Democrats, who have held power without a break since 1982.

Mr. Lafontaine's challenge emerged to the surprise of many experts Thursday after he registered unexpected opposition to the deployment of German warplanes over Bosnia.

The decline of the opposition group has coincided with other signs of political realignment.

The Free Democratic junior

coalition partner has fared disastrously in recent local polls, forfeiting its position as a potential kingmaker to the insurgent Greens. Its erstwhile leader, Klaus Kinkel, Germany's foreign minister, is embroiled in a dispute over his policies toward Iran that threatens his political future.

Mr. Kohl himself has come under fire in recent days for visiting an army barracks during a visit to China, the first Western leader to do so since the Tiananmen Square killings of 1989.

But, at home, opinion surveys still rate his Christian Democrats as the most powerful

party in the land, largely because of the chancellor's skill in turning Germany's reunification into political capital.

Mr. Lafontaine, by contrast, incurred the wrath of many East Germans in the 1990 campaign by opposing the chancellor on reunification and was widely viewed as having misread the national mood.

Part of the malaise afflicting the Social Democrats is ascribed by political experts to the broader problems of a confused European left in molding a clear and voter-friendly profile in the wake of the Cold War.

While Britain's Labor Party, thus, has opted for a more cen-

trist posture under Tony Blair, Germany's Social Democrats now seem set to seek their salvation in leftist traditions.

Mr. Lafontaine is viewed as an acerbic populist and, as the Social Democrats descended into their fratricidal infighting this year, he shrewdly opted to wait in the wings.

Mr. Lafontaine's election to the party leadership does not necessarily imply that he will be the party candidate at the next national vote in 1998. Mr. Scharping, who had held the leadership for only two years, will be his deputy in a party marked by continuing divisions.

TREK: Earlier Human Migration?

Continued from Page 1

agreement about when their descendants began to migrate elsewhere.

At least two recent findings suggested that the large-brained species known as Homo erectus migrated out of Africa just under 2 million years ago — or about a half-million years earlier than many paleoanthropologists had previously thought. Homo erectus immediately preceded today's humans — Homo sapiens — on the evolutionary family tree.

A jaw found in the former Soviet republic of Georgia indicated that this ancestor left

Africa at least 1.6 million to 1.8 million years ago. A separate team, meanwhile, reported last year that a Homo erectus fossil found on the Indonesian island of Java could be 1.8 million years old.

The new announcement indicates that the migration began even earlier, with a more primitive species that may then have evolved into the Asian Homo erectus.

The Longgupo remains were first uncovered in 1987-88 in a cavern at the end of an ancient valley, about 12 miles south of the Three Gorge section of the Yangtze river in Eastern Sichuan Province.

A few suggestions, in the unlikely event you're at a loss for words calling home from here.

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RIVALS: Asian Forum Worried

Continued from Page 1

visiting South Korea this week before attending the APEC leaders' meeting, said in Seoul that future friendly ties between Tokyo and Beijing depended on Japan's having a correct view of its past "militarism" — a reference to the Japanese occupation of both China and Korea before and during World War II.

"We have to be on the alert against the Japanese militaristic minority and urge Japan to pursue a peaceful path," he said.

Many officials worry that Chinese-Japanese rivalry in trade, investment and political influence could easily spill over into an arms race.

In an interview published Wednesday in Japan, William J. Perry, the U.S. secretary of defense, said that maintenance of the U.S.-Japan security alliance and the presence of 47,000 American troops in Japan were the best ways to prevent a regional arms race.

The U.S. military presence, which underpins the alliance, has come under increasing criticism in Japan following the recent abduction and rape of a 12-year old Okinawan schoolgirl, for which three American servicemen are being tried in a Japanese court. Partly because of that case, nationalist politicians and opinion-makers in Japan have been contending that the country needs to have independent foreign and defense policies. But Mr. Perry cautioned that "if other countries in the Pacific — Japan, in particular — would start a major program of rearmament, then that would trigger an arms race in which China would be a participant."

In a recent survey, the International Institute for Strategic Studies in London found

that both Japan and China were heavily understating their defense spending by excluding such items as research and development, which would be classified as military expenditure under NATO definitions.

The institute estimated that actual military spending by China in 1994 amounted to \$28.5 billion, about four times the declared defense budget converted at the official rate. The institute also said that although Japan's 1995 defense budget denominated in yen increased by less than one percent over 1994, its dollar value at the April 1995 exchange rate rose by 20 percent — to \$56 billion from nearly \$46 billion.

CHINA: Nuclear Critique

Continued from Page 1

a nuclear test ban treaty. China has pledged to sign it.

Beijing's report also defended the level of defense spending, which, after inflation, has increased about 50 percent since the late 1980s, according to CIA estimates.

Beijing also said it had converted 80 percent of the production from its vast military industries to civilian and consumer products.

Striking a defensive posture over its nuclear cooperation with such nations as Iran and Pakistan, both of which have illicit nuclear weapons programs, the Chinese document pledged to combat the proliferation of weapons of mass destruction. But it also asserted, "There must not be a double standard whereby anti-nuclear proliferation is used as a pretext to limit or retard the peaceful use of nuclear energy by developing nations."

Hong Kong
Asks China
To Sign
Right-Hand

INTERNATIONAL

Hong Kong Asks China To Sign UN Rights Pact

Compiled by Our Staff From Dispatches
HONG KONG — In a move likely to displease Beijing, Governor Chris Patten said Thursday that China should sign a United Nations human rights treaty to ease fears about Hong Kong's freedoms after China takes over in 1997.

Mr. Patten said the current Chinese-British dispute over human rights in Hong Kong was upsetting confidence in the territory's economy in advance of the colony's return to Chinese sovereignty in 1997.

"Don't let anybody think that an argument about human rights in Hong Kong doesn't have any effect on economic confidence," he told the Legislative Council during a monthly question period.

Mr. Patten's remarks came hours after legislators voted overwhelmingly to condemn a China-backed proposal to water down the Hong Kong Bill of Rights, a cornerstone of the British colony's civil safeguards.

Concerns about freedoms have increased since a Chinese-appointed committee recommended last month that the Bill of Rights, enacted despite Beijing's objections in 1991, should be trimmed after China regains sovereignty.

The committee also recommended that laws amended to comply with the measure — which mainly concerned freedoms of speech, assembly and broadcasting — be restored to their original, less liberal state.

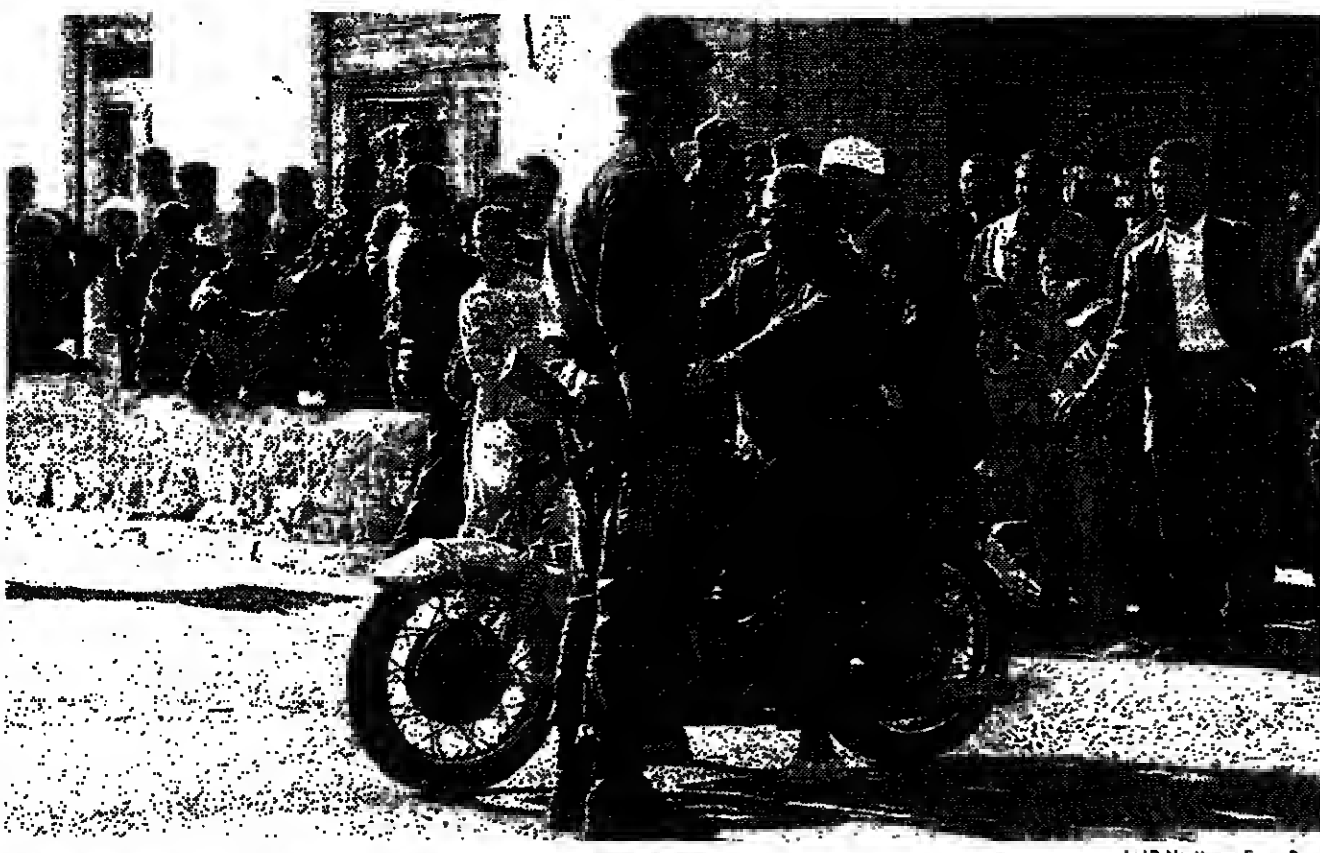
After a heated four-hour debate on Wednesday, the 60-member legislature voted, 40 to 15, in support of a motion that strongly objected to the proposals.

Mr. Patten said the Bill of Rights was a sign of Hong Kong's sophistication and that people were worried about it "because they are concerned about their future, they are concerned about their way of life."

The Bill of Rights was drafted in line with the United Nations' International Covenant on Civil and Political Rights. As a signatory, Britain has regularly reported to the UN Human Rights Committee about Hong Kong's human rights situation.

China has agreed that the treaty should apply to Hong Kong after 1997, but it says that because Beijing has not signed the pact, it does not have to issue reports on Hong Kong. Legislators fear that this means Hong Kong will lose its access to the UN committee.

But Mr. Patten said that while Beijing has not signed the treaty, it still must report to the United Nations. He urged China to sign the pact. "What's the problem about reporting?" Mr. Patten asked. "There's nothing to hide." (AP, AFP)



Under tight security in Algiers, voters arriving to take part in the presidential election on Thursday.

Gifts in Space: A Banquet and a Guitar

It's Smooth Sailing for Crews Aboard Atlantis and Mir

CAPE CANAVERAL, Florida — The combined crews of the space shuttle Atlantis and the Russian space station Mir crowded together in the shuttle's middle deck on Thursday to exchange gifts.

Speaking in Russian, the Atlantis commander, Colonel Kenneth D. Cameron, presented the three Mir cosmonauts with plaques commemorating past and present Mir-shuttle missions. The astronauts also gave the Mir crew knit shirts bearing the shuttle emblem, while the Mir crew gave the astronauts commemorative banners and badges.

But the centerpiece of the astronauts' gifts was a full-sized classical — but collapsible — guitar. Major Chris A. Hadfield, a Canadian member of the shuttle crew, said that when the two crews trained together they played guitars to-

gether, and he thought the instrument would be an appropriate gift.

Jerry Ross, another shuttle astronaut, saying that not everyone was talented enough to play a guitar, drew laughs when he gave the cosmonauts a tape of Texas country music.

After the gifts, the combined crews sat down for a meal planned by the astronauts that served partly as thanks for the elaborate meals the crew was treated to when they trained in Russia. It included soup, vegetables, shrimp cocktail, steak, potatoes and, to finish off, cherry pie and ice cream.

Atlantis will undock from Mir at 0816 GMT on Saturday and return to the Kennedy Space Center in Florida on Monday.

The American and Russian spacecraft

were linked with the precision of a jeweler, as Colonel Cameron guided Atlantis to a docking with Mir, opened a hatch and presented his beaming Russian counterpart with flowers and a box of chocolates.

Back on Earth, space station managers from the National Aeronautics and Space Administration and their Russian colleagues were meeting in Moscow to draft agreements governing how the two nations, along with Europe, Japan and Canada, will construct and operate a much more ambitious international space station. That project is scheduled to begin in two years.

Atlantis's flight is the second of seven planned shuttle-Mir linkups to test hardware and procedures needed to go ahead with the project. (AP, WP)

Japan Accepts Clinton's Bowing Out

Compiled by Our Staff From Dispatches
OSAKA, Japan — Stressing the importance of their ties, Japan and the United States on Thursday dismissed the idea that there was any negative impact from President Bill Clinton's decision to cancel his visit to Japan and the Asian economic summit meeting.

"It is well known that the relationship the United States has with Japan is the cornerstone of our Asian policy," Secretary of State Warren M. Christopher told reporters before a meeting with Foreign Minister Yohsei Kono.

Mr. Clinton decided Thursday to stay home to deal with a budget fight that has closed much of the government.

The cancellation of his visit to Osaka led to dismay in Japan, the chairman of the Asia-Pacific Economic Cooperation forum, whose leaders convene in Osaka on Sunday for their third summit meeting. The group began its ministerial meeting Thursday.

"It's really regrettable that he can't make it," Prime Minister Tomichi Murayama was quoted as saying by Japan's public broadcaster, NHK. "But I suppose it can't be helped."

Foreign Minister Kono expressed his "understanding" of Mr. Clinton's decision to stay home.

Mr. Murayama and Vice President Al Gore, who will stand in for Mr. Clinton, are

scheduled to meet Sunday after the leaders' conference, a Japanese official said.

Asked about a possible future Clinton visit, Mr. Christopher said a busy schedule would probably prevent the president from visiting this year.

Mr. Christopher and Mr. Kono, meanwhile, agreed that the two countries would set up a new council as soon as possible to discuss the future of American military bases in Japan.

The Japanese have been protesting the continued presence of American bases in the wake of the rape in September of a 12-year-old girl in Okinawa; three servicemen have admitted being involved in the attack.

Okinawa's governor, Masahide Ota, said the cancellation by Mr. Clinton, who was expected to convey remorse for crime by American servicemen, was "extremely disappointing."

Mr. Christopher and Mr. Kono also stressed the importance of regular meetings of the United States, Japan and South Korea, one of which will take place here Friday.

Mr. Christopher also called on Japan to offer support for reconstruction in Bosnia, officials said. Mr. Kono replied that Tokyo would consider its contribution while taking part in discussions.

They also agreed to cooperate in the fight against terrorism. (AFP, AP)

Strong Turnout Reported In Elections in Algeria

State Radio Sees Victory for President

By Youssef M. Ibrahim
New York Times Service

PARIS — Sixty-five percent of Algeria's 16 million eligible voters were reported to have cast ballots in presidential elections Thursday, ignoring a call for a boycott by the opposition and defying armed Islamic groups that threatened to disrupt the polling.

In an unconfirmed early prediction, state-run Algerian radio said President Liamine Zerroual, a former army general, was winning 58 percent to 66 percent of the vote.

President Zerroual had appeared assured of defeating his three opponents and winning a five-year term even before the voting started, but analysts saw the turnout — 65.5 percent according to the Ministry of Interior — as a serious setback for Islamic and secular opposition groups that had called upon Algerians to stay home.

In Washington, a spokesman for the Islamic Salvation Front, the main Islamist political force in the country, said only 26 percent of eligible voters went to the polls, but Algerian and French television showed large numbers of people voting.

"I think people did not go to vote for candidates but to vote for peace, tranquility, order," said a former senior official in Algiers. "Everyone wants reform. But it is clear they don't want to trust the opposition with it."

Algeria has been torn by violence since 1992, when the military-backed government canceled elections that Islamic fundamentalists had been poised to win. Islamic militants have been blamed for the deaths of tens of thousands of people.

Some analysts said it was Algerian expatriates — about 5 million of them live in France, Germany and Belgium — who acted as a catalyst by rushing to cast their vote at Algerian consulates and embassies in Europe this week.

"People saw that partici-

tion on television — it was contagious," said Mohammed Mogadem, a former media adviser for the Algerian presidency.

Opposition figures argued that many people felt intimidated into voting and that the government deployed army and police troops in an obvious show of force.

"What is the meaning of a political exercise from which the main political forces in the country are excluded?" asked Louisa Hanoun, a secularist opponent of the government.

Analysts said President Zerroual's first task, if his victory is confirmed, would be to reshuffle his cabinet.

"Reform cannot be done with this cabinet," said the former senior government official. "We need political ministers, not just technocrats, if you want to convince people you are serious."

■ Voting Is Extended
 Polling officially ended at 7

P.M., but the Interior Ministry announced that several centers would remain open for up to two hours. Reuters reported from Algiers.

Citing heavy turnout as the reason, the ministry said polling sites in the capital, Algiers, and the western town of Oran would remain open an extra one hour. In the eastern town of Constantine there would be a two-hour extension until 9 P.M.

Iranian radio, meanwhile, said that the election was flawed because not all political forces in the country were taking part.

"Only the ruling military clique and a number of small parties affiliated to the military are participating in the elections," the radio said in commentary monitored by the British Broadcasting Corporation.

"Those who have staged the elections are the very same people who usurped power by trampling underfoot constitutional law," the radio said.

Peres Expects to Name Cabinet Within a Week

The Associated Press

JERUSALEM — Shimon Peres, the acting prime minister, said Thursday that he expected to form a government within a week.

Mr. Peres was given approval Wednesday to try to form a ruling coalition. He has 21 days to do so, but said Thursday that he expected to complete the task much sooner.

"If everything goes as anticipated, we shall bring the new cabinet before the Knesset on Wednesday," he said after a lecture at Hebrew University in Jerusalem.

He was surrounded by five bodyguards as part of the unprecedented security measures taken since Prime Minister

Yitzhak Rabin was assassinated Nov. 4 by a Jewish extremist.

Mr. Peres, who has promised to keep the cabinet reshuffle to a minimum, would not discuss planned changes. He was expected to continue with the same Labor-led coalition that has governed Israel for the last three years with a 63-to-57 majority in Parliament.

The new government is scheduled to remain in power until elections next October.

The media have reported that Mr. Peres will name himself defense minister to oversee the troop pullback in the West Bank under the autonomy agreement with the Palestinians.

BOOKS

ENGINEERS OF DREAMS: Great Bridge Builders and the Spanning of America

By Henry Petroski. 479 pages. \$50. Knopf.

Reviewed by Michael Z. Wise

THE bridge designer Othmar Ammann once remarked of himself and other largely unnamed titans of structural engineering: "We may lack glamour and sparkle. We might even be considered dull by many people."

Though he may have lacked popular acclaim, at the end of his career Ammann could nonetheless take pride in the view from his apartment atop Manhattan's Carlyle Hotel. For he played a key role in creating more than half a dozen spectacular bridges dotting the skyline around New York City.

Structures like Ammann's soaring George Washington and Verrazano-Narrows bridges were once thought beyond any man's reach. Nowadays, Henry Petroski writes in "Engineers of Dreams," we tend to take these colossal achievements for granted. Bridges are boons to transport

and communication, but we traverse them not so much marveling at their visual lyricism as distractedly hunting signs for the appropriate highway turnoff.

Petroski's book, a paean to the delicate balance of art and science that the best bridges represent, heightens our appreciation of these most utilitarian of monuments.

Amplified with black-and-white period drawings and photographs, Petroski's latest volume explains how major U.S. bridges came into being and why they look the way they do. Petroski, a professor of civil engineering at Duke University and author of "The Pencil" and "The Evolution of Useful Things," uses a skillful blend of biography, historical anecdote and technological illumination to convey a sense of passion and drama not readily associated with the minute calculations of load-bearing and stress that are the engineers' daily task.

Focusing on the careers of five 19th- and 20th-century figures who responded to demand first from the expanding railroads and then from the American infatuation with the automobile — Ammann, James Buchanan Eads, Theodore

Cooper, Gustav Lindenthal and David Steinman — Petroski demonstrates how successive generations of engineers were spurred on to ever greater feats of daring. Yet this chronicle of the drive to create longer and larger bridges is no saga of unalloyed progress. Dreams, Petroski reminds us, can spiral into nightmares.

One such howl came when the south arm of the cantilevered Quebec Bridge collapsed while under construction over the St. Lawrence River in 1907 after Theodore Cooper miscalculated the weight of the steel the finished bridge would contain, leaving its lower portions unable to bear the load. With it collapsed much trust in cantilevered structures. The disaster reverberated throughout the profession, prompting an alteration of the load of the Queensboro Bridge linking Manhattan and Queens, then under construction. Failures of other bridges brought more redesign and retrofitting.

Technological innovation further transformed bridge appearance, and the tension between structural principles and aesthetics is a leitmotif of Petroski's narrative.

An ensuing predilection for a more streamlined silhouette could not be indulged at just how much wind a ribbonlike bridge deck can withstand. This became clear when the Tacoma Narrows Bridge near Seattle oscillated so in the weeks after it opened in July 1940 that throngs of thrill-seeking motorists were drawn by the wave-like motion of a roadway they called Galloping Gertie. The unintended amusement ride ended abruptly a few months later when the bridge wrenched apart and fell into the water.

Film footage of the undulating span is standard fare in today's engineering courses.

The educational use of this footage fulfills, at least in part, Petroski's wish for greater communication between generations of engineers, who, he warns, ignore the past at their peril. Even if today's engineers gain in confidence as new building materials and computer design tools are introduced,

BRIDGE

By Alan Truscott

THERE has sometimes been argument about the rightful owner of title Grand Old Man of bridge, but there has never been any argument about the Grand Old Lady. That title long belonged to Ethel Keohane, who died at the age of 94.

On the diagramed deal from a pairs event, Mrs. Keohane held the South cards and was surprised to hear a rare opening on her right: six clubs. East had chosen a direct strategy, forcing the opponents to guess at the six-level. Many would adopt a slow strategy, starting with one club and hoping to be pushed to six clubs. A few subtle bidders would start with five clubs, hoping to be pushed: The opponents would be unlikely to think that a player owning 12 tricks would open pre-emptively and would probably be willing to defend against a "reluctant" six clubs. Reluctant, of course, refers to a sequence of five clubs followed by six, and not any acting performance, which would be unethical.

North might well have bid six spades, but chose to double, and Mrs. Keohane thought it

he insists that their work be coupled with a sense of history, since he justly believes that the finest bridges fuse engineering know-how with artistic vision in equal measure.

Michael Z. Wise, who has written about architecture for *Metropolis*, *Progressive Architecture*, the *New York Observer* and other publications, wrote this for *The Washington Post*.

over. She hid six hearts, deciding correctly that East held a freak hand and knew what he was doing. When West doubled, North should still have bid six spades, which would have cost 500, but he passed. Six hearts doubled should have cost 900, in 1985 scoring, but that would still have been a good save against the 920 scored in six clubs at other tables.

In practice, West misdefended and Mrs. Keohane escaped for down four, a penalty at that time of 700.

NORTH
 ♠ K J 7 6 3 2
 ♥ A 10 4
 ♦ 9 5
 ♣ A

EAST (D)
 ♠ —
 ♥ —
 ♦ A K Q 7 2
 ♣ K Q J 10 9 8 7 6 5 4 3 2

SOUTH
 ♠ Q 10 9 8 7 6 5 4 3 2
 ♥ Q 8 7 5
 ♦ J 10 4
 ♣ 7

Neither side was vulnerable. The bid- ding: South West North
 1 ♣ Pass Pass Pass
 2 ♣ Pass Pass Pass
 3 ♣ Pass Pass Pass
 4 ♣ Pass Pass Pass
 5 ♣ Pass Pass Pass
 6 ♣ Pass Pass Pass
 7 ♣ Pass Pass Pass
 West led the club six.

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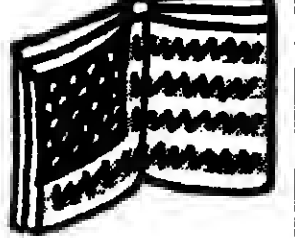
THE WORLD'S DAILY NEWSPAPER

WHAT THEY'RE READING

• Wilson Livingood, sergeant at arms of the U.S. House of Representatives is reading "My American Journey" by Colin Powell.

"It was a gift. I'm only on page 10. So far it looks like a good book."

(Ilise Gersten, IHT)



EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The Real Default

The budget deficit is the central problem of the federal government and one from which many of America's other most difficult problems flow. The deficit is largely driven in turn by the cost of the great entitlements that go not to small special classes of rich or poor but across the board to almost all Americans in time. The most important of these are the principal social insurance programs for the elderly, Social Security and Medicare. In fiscal terms, Medicare is currently the greatest threat and chief offender.

Bill Clinton and the congressional Democrats were handed an unusual chance this year to deal constructively with the effect of Medicare on the deficit, and they blew it. The chance came in the form of the congressional Republican plan to balance the budget over seven years. Some other aspects of that plan deserved to be resisted, but the Republican proposal to get at the deficit partly by confronting the cost of Medicare deserved support. The Democrats, led by the president, chose instead to present themselves as Medicare's great protectors.

They have shamelessly used the issue, demagogued on it, because they think that is where the votes are and that is the way to derail the Republican proposals generally. The president was still doing it this week; a Republican proposal to increase Medicare premiums was one of the reasons he alleged for the veto that has shut down the government — and never mind that he himself, in his own budget, would countenance a similar increase.

We have said some of this before; it gets more serious. If the Democrats play the Medicare card and win, they will have set back for years, for the worst of political reasons, the very cause of rational government in behalf of which they profess to be behaving. Politically, they will have helped to lock in place the enormous financial pressure that they themselves are first to deplore on so many other federal programs, not least the programs for the poor. That is the real default that could occur this year.

In the end, the Treasury will meet its financial obligations. You can be pretty sure of that. The question is whether the president and the Democrats will meet or flee their obligations of a different kind. On the strength of the record so far, you would have to bet on flight.

You will hear the argument from some that this is a phony issue; they contend that the deficit isn't that great a problem. The people who make this argument are whistling past a graveyard that they themselves most likely helped to dig.

The national debt in 1980 was less than \$1 trillion. That was the sum of all the deficits that the government had previously incurred — the whole two centuries' worth. The debt now, a full-fledged 15 years later, is five times that and rising at a rate approaching \$1 trillion a presidential term. Interest costs are a seventh of the budget, by themselves now a quarter of a trillion dollars a year and rising. Americans are paying not just for the government they have but for the government they had and didn't pay for earlier.

The blamesters, or some of them, will tell you that Ronald Reagan did it, and his low-tax, credit-card philosophy of government surely played its part. The Democratic Congresses that ratified his budgets and often went him one better on tax cuts and spending increases played their part as well.

Various sections of the budget are also favorite punching bags, depending who

is doing the punching. You will hear it said that someone's taxes ought to be higher (generally someone else's), or that defense should be cut, or welfare, or farm price supports or the cost of the bureaucracy. But even draconian cuts in any or all of these areas would be insufficient to the problem and, because dwelling on them is a way of pretending that the real deficit-generating costs don't exist, beside the point as well.

What you don't hear said in all this talk of which programs should take the hit, since the subject is so much harder politically to confront, is that the principal business of the federal government has become elder-care. Aid to the elderly, principally through Social Security and Medicare, is now a third of all spending and half of all for other than interest on the debt and defense.

That aid is one of the major social accomplishments of the past 30 years; the poverty rate for the elderly is now, famously, well below the rate for the society as a whole. It is also an enormous and perhaps unsustainable cost that can only become more so as the baby boomers shortly begin to retire. How does the society deal with it?

The Republicans stepped up to this as part of their proposal to balance the budget. About a fourth of their spending cuts would come from Medicare. It took guts to propose that. You may remember the time, not that many months ago, when the village wisdom was that, whatever else they proposed, they would never take on Medicare this way. There were too many votes at stake. We don't mean to suggest by this that their proposal with regard to Medicare is perfect — it most emphatically is not, as we ourselves have said as much at some length. So they ought to be argued with, and ways should be found to take the good of their ideas while rejecting the bad.

But that's not what the president and congressional Democrats have done. They have trashed the whole proposal as destructive, taken to the airwaves with a sick scare program about it, championing themselves as noble defenders of those about to be victimized. The Republicans want to take away your Medicare — that is the insistent PR message that Democrats have been drumming into the elderly and the children of the elderly all year.

The Democrats used to complain that the Republicans used wedge issues; this is the super wedge. And it is wrong.

In the long run, if it succeeds, the tactic will make it harder to achieve not just the right fiscal result but the right social result. The lesson to future politicians will be that you reach out to restructure Medicare at your peril. The result will be to crowd out of the budget other programs for less popular or powerful constituencies — we have in mind the poor — that the Democrats claim they are committed to protect.

There is a way to get the deficit down without doing enormous social harm. It isn't rocket science. You spread the burden as widely as possible. Among much else, that means including the broad and in some respects inflated middle-class entitlements in the cuts. That is the direction in which the president ought to be leading and the congressional Democrats following. To do otherwise is to hide, to lull the public and to perpetuate the budget problem that they profess to be trying to solve. Let us say it again: If that's what happens, it will be the real default.

—THE WASHINGTON POST.

Billboard Blight

Billboards bring blight to America's highways, but the billboard industry brings cash to members of Congress. That is why Congress is close to undoing a modest achievement in the long struggle to limit the spread of roadway signs. Billboard lobbyists have held up \$6 billion in highway construction funds while pressing to repeal a ban on new billboards on roads designated as scenic byways. Their strategy may be working. The Senate, whose highway spending bill did not mention billboards, is yielding to House conferees who insist on gutting a billboard ban enacted only four years ago.

At stake is a 1991 federal program that has encouraged 42 states to designate a modest 15,000 miles (24,000 kilometers) of highway — less than 1 percent of all American roads — as scenic byways. Under the program, new billboards are banned. In exchange the states are permitted to advertise the roads as "scenic," which helps attract tourists.

From time to time, the federal Department of Transportation has granted exemptions for new billboards in commercial or industrial sections — but not nearly enough exemptions to suit Representative Bud Shuster of Pennsylvania,

chairman of the House Transportation Committee. Re-elected in 1994 with the help of \$67,000 from billboard interests, Mr. Shuster persuaded the House to insert in the transportation spending bill a provision giving states complete discretion.

Senator John Warner of Virginia, negotiating for the Senate's version of the bill, asked Mr. Shuster to drop the billboard provision in return for the dropping by the Senate of a measure allowing states to use some highway money for passenger railroads. Mr. Shuster rejected that offer and Mr. Warner gave in, saying the highway funding was too important to allow further delay. Mr. Warner asked only for House agreement on a largely meaningless gesture, language that would show Congress's approval of the way the Transportation Department has been dealing with proposed exemptions. But Mr. Shuster went even this parliamentary stroking toned down.

The fragile scenic byways program, which depends on federal-state cooperation and sensitivity toward the environment, is now in danger of being picked apart, state by state. The Senate needs to reject this threat to the landscape.

—THE NEW YORK TIMES.

A Good Test of China's Maturity as a Serious Power

By Philip Taubman

HONG KONG — Hong Kong residents like to talk about their insurance policies, but not the types that cover cars, homes or health. Here insurance means protection against China. The most popular policy is a foreign passport.

The transfer of Hong Kong from Britain to China on July 1, 1997, promises to be a great test of China's maturity as a world power.

If China takes possession of Hong Kong while letting the city retain its entrepreneurial spirit, fair judiciary, free press and incipient democracy, Beijing will reassure a world wary of its Communist leaders.

If China erases the rule of law in Hong Kong and strangles civil liberties, the city's commercial energy may not survive, and China's place among nations will be compromised.

China has everything to gain by leaving Hong Kong intact. Half its exports are shipped through Hong Kong, and two-thirds of foreign direct investments in China already pass through Hong Kong businesses and financial institutions.

Most Hong Kong manufacturing com-

panies have moved their factories to southern China in recent years, transferring jobs and wealth as they went. The Hong Kong stock market promises to be a primary source of capital for new and growing Chinese companies.

As Chinese commercial centers like Shanghai struggle to achieve world-class rank, Hong Kong is there right now, alongside New York, London and Tokyo.

Business leaders like Victor Fung, chairman of the Hong Kong Trade Development Council, have great faith in the strength and durability of the city's capitalist character. The traders, bankers, brokers and builders of Hong Kong cannot imagine why China would want to spoil such a powerful engine of economic growth. In economic terms they are right, but they may underestimate the political hazards ahead.

The British implanted a free press and judiciary in Hong Kong. After a century and a half of imperial rule, Britain has belatedly introduced a touch of demo-

cratic governance in recent years under the leadership of Chris Patten, London's 28th and last governor of Hong Kong.

Mr. Patten has not turned Hong Kong into a democracy, but he has uncorked a desire for greater self-determination and made it possible for progressive political leaders like Martin Lee, chairman of the Hong Kong Democratic Party, to step forward as 1997 nears.

The danger is that China, skittish about political dissent and democratic process, will roughly toss aside Mr. Lee and others like him and enforce strict ideological conformity in Hong Kong. That could quickly chill relations between Beijing and Washington, where many in Congress are spoiling for a fight with China, and shake foreign investors' confidence in Hong Kong.

From there, it would not take much to panic the Hong Kong real estate market, and with it the city's wealth.

Resentment about Hong Kong runs strong in China, and the Chinese government has made clear that it has no intention of preserving Mr. Patten's innovations, including an increase in di-

rectly elected seats in a local legislative body that has given citizens some say in city governance.

Chinese officials say dissent will be tolerated in Hong Kong, provided it is not part of an effort to undermine the government in Beijing. That sounds like a formula easily interpreted to stifle free expression.

Hong Kong is an economic phenomenon, one that a practical and increasingly commercial China can appreciate and preserve. But Hong Kong is also 6 million people who have lived in a more open and tolerant society than the one they will join in 1997.

Under terms of the transfer, China agreed to give Hong Kong a high degree of autonomy for 50 years, except in matters of foreign affairs and defense. "One country, two systems" was the way the Chinese leader Deng Xiaoping described the plan when Britain and China reached agreement in 1984.

It will be a sad day for Hong Kong and a senseless loss for China if Beijing fails to honor Mr. Deng's word.

The New York Times.

Republicans Go Too Far, Democrats Go Nowhere, Voters Get Mad

By E. J. Dionne Jr.

WASHINGTON — Why are Washington's politicians doing this to themselves? The "this" in question is the replacement of serious budget negotiations with a stupid game of chicken that threatens the government's credit and basic operations.

Politicians are not as dumb as this exercise makes them look. They know perfectly well that voters will look at all this as a little boys' schoolyard game, last-minute deals to postpone chaos notwithstanding. A price for looking foolish has been paid.

So how did they end up here? The answer is rooted in a huge misreading of last year's election returns by Congress's new Republican leadership and by many of the Republican freshmen. It is also the result of deep splits in the Republican Party that have delayed passage of appropriations

ills. And Republican leaders led this happen because they had every reason to expect that the president would bend to their will. That was their only defensible calculation, but so far it has turned out to be wrong.

The Republicans' biggest mistake was trying to ram through huge changes in the structure of government without anything like the public support that such transformations require. This is ironic, since the Republicans' favorite line during Bill Clinton's first two years has been that large changes should never be attempted on the basis of slim majorities.

After 1994, the Republicans acted as if they suddenly had a mandate from heaven and the voters to do anything they wanted. But what mandate? The Repub-

licans gathered roughly 52 percent of the vote in the House elections. The turnout was 39 percent of the potential electorate, hardly a popular outpouring. Their new majorities in both houses were quite narrow. And the evidence is quite clear that the 1994 vote was more a negative verdict on the Democrats' failures than the result of some sharp ideological turn in the public.

It is true, of course, that the Bolsheviks could launch a revolution without even having a majority. But whatever one thought was wrong with the Republicans, nobody lost sleep at night worrying that they were Leninists.

Maybe that was a mistake. As soon as he won his historic but far from overwhelming majority, Newt Gingrich began talking

"revolution" and never stopped. His biggest revolutionary move was the balanced budget, which was built on ideas that were not discussed at all in 1994.

Sure, the Republicans promised a balanced budget. But they never told the voters what they planned to do to get there. When the Democrats said the Republicans would cut Medicare, the Republicans accused them of "scare tactics." The Republicans didn't say they would take huge chunks out of Medicaid, nor did they explain what they would do to student loans or a thousand other things. Indeed, they didn't come up with a Medicare plan until this fall, hoping to rush it through before voters got too close a look.

The Republicans were counting on getting credit for boldness, which they did. By building pressure for a balanced budget as a

general proposition, they also hoped to push Mr. Clinton their way, which they did for a while. But then a couple of things happened. The most public involved Mr. Clinton's flip-flops on his tax and welfare programs, which reversed the pressures on him — it is now more important for him to be tough than conciliatory.

Despite the magnitude of what they have done, the Republicans have had difficulties in presenting a united front on specifics by passing all their bills in time. A lot of Republicans have serious doubts about what the red hots in the House want to do, and they have struggled to modify, moderate, and alter more radical proposals, delaying final action. By getting the president's acquiescence even before the whole process is finished, the leadership would weaken the hand of those in their own party who would in fact like to reopen some of these issues.

Finally, the public mood seems to be working against the Republicans — and is also pushing Mr. Clinton away from them. In truth, the underlying mood, which is basically skittish, has not changed much since 1994.

But the election results have. The public never wanted major cuts in popular programs, which is why the Republicans didn't talk about Medicare in 1994; its wants were rather general, a desire that politicians reform and, where reasonable, pare down government. Once the Republicans went beyond that mandate — and failed to do much for reform — they started getting punished. Thus last week's election results from Virginia and Kentucky.

After the 1994 voting, the Republicans got some wise advice from strategist Bill Kristol. Mr. Kristol is no ideological shrinking violet, but he warned the Republicans not to pretend that they controlled the White House yet. He suggested that they take incremental steps to build toward a real mandate in 1996 that would give them both the institutional and the popular support to achieve their program.

Instead the Republicans sought much more than that and, in the process, educated the public on exactly what a balanced budget in seven years would mean.

The way out of this is for everyone to fall back, to have a big public argument between now and 1996 and give the voters a chance to make the big decisions.

The Republicans have made their approach clear. Mr. Clinton and the Democrats could usefully use the next year to, well, clarify exactly what they are for. In the meantime, there could be some measurable progress toward deficit reduction, since everyone agrees that some cuts in Medicare and Medicaid are inevitable.

The Republicans would not get their revolution, but the voters, who are supposed to run things, would be a lot more comfortable.

The Washington Post.

Clinton Promised Change and Keeps On Changing

By William Safire

WASHINGTON — Coogress and the president are locked in a genuine ideological struggle. Let's try to puzzle out the reason the impasse came to pass.

On taking office in 1993, the previously centrist Bill Clinton made a surprise "lurch to the left," raising taxes and proposing new spending. When his popularity plunged and his presidency teetered, he hastily moved back toward the middle.

As 1994 began, he moved left again with a grandiose health plan. Conservatives blocked it. He seized the challenge of the Contract With America, and by campaigning as a liberal helped bring in a Republican Congress.

Chastised, in 1995 he placed himself squarely in the middle again. His "triangulation" strategy was to turn the White House into Halfway House. In this widely advertised midcourse correction, he accepted a tax cut, agreed to end key entitlements, even went along with balancing the

budget someday. It seemed there was no left left.

Then something happened in the past month to change that strategy. He suddenly found danger in reducing the rate of growth of Medicare, backed away from welfare reform and no longer acquiesced in the Republicans' seven-year balance timetable.

What brought on this third lurch to the left? The redirection is unmistakable; the question is the cause. Some in the White House say their polls showed that Democratic attacks on Republican belt-tightening had begun to bite and that Speaker Newt Gingrich's negatives were rising.

But these arguments had been made months before by dismayed Democrats in Congress. Their objections to Mr. Clinton's recent above-party positioning had been decisively rejected by a president who had concluded that liberalism was doomed.

What, then, drove the president and his advisers to make this mid-course correction of a midcourse correction?

They persuaded themselves, I am told, that the political center had been secured. Moreover, with the departure of Colin Powell from the lonely middle, Mr. Clinton could now afford to go leftward and "home."

Congressional savants of both parties disagree. They think Mr. Clinton's third left turn was a result of (a) the polls earlier cited showing that fear ads were working on seniors; (b) the absence of comity in Gingrich & Co.; (c) the bottoming-out of Democratic decline in the most recent elections, and (d) "the president's tax gaffe."

I believe that last reason is central. On Oct. 17, President Clinton recalled his 1993 budget to an audience of Houston fat cats and confessed: "You think I raised your taxes too much. It might

surprise you to know that I think I raised them too much, too."

Mr. Clinton's reversal of verdicts hit liberal pols like a sandbag on the back of the neck. He had added insult to injury. His ideological turnabout was excessive, not damage-controllable with excuses about fatigue.

Republicans hailed it as an admission that his tax policy was a great mistake, while Democrats — including those who went down in '94 as a result of caving to presidential persuasion — seethed. Mr. Clinton had crossed the line from philosophical flip-flop, which is excusable as circumstances change, to outright betrayal of party loyalty, which is politically unforgivable.

He had to make serious amends. From then on — take this slowly — the old New Clinton was replaced by the new old Clinton. That is, in his dealings with Congress on the budget, the centrist of 1992, late 1993 and early 1995 gave way to the liberal of early 1993 and 1994. (Needs a chart.)

That would explain not only his vetoes accompanied by the most strident liberal oratory, but his refusal to meet, or take phone calls from, Bob Dole and Newt Gingrich without top Democrats present. The minority leaders, Tom Daschle and Dick Gephardt, do not trust Mr. Clinton to make any deal without them in the room.

Their mistrust is fairly placed. Although he is now firmly on the left, protecting with liberal zest and conservative rhetoric the explosion in spending, the weather-vane president is likely to swing right again.

When that happens, as it so regularly does, the executive and legislative branches will be aligned to end the deficits. One thing will not change: This president, who ran on the promise of change, will keep changing his mind.

The New York Times.

Wanted Fast: Bipartisan Dignity

By Flora Lewis

PARIS — Americans used to say that politics stop at the water's edge. Don't carry on your home fights from abroad, and don't mess up foreign policy with your personal politics.

Of course, the injunctions were violated on occasion. There was a time when all presidential candidates felt that their campaign tours had to include the "three I's" — Ireland, Italy and Israel — to please constituents sensitive to those countries. And, naturally, foreign affairs is a valid political issue.

But the political game is being played now in an unacceptable, even dangerous way that makes a trivial plaything of serious foreign policy questions, to the detriment of America's national interest.

It is not only the opposite of productive bipartisanship; it reduces vital national goals to "bystanders in guerrilla political warfare," in the words of Spurgeon Keeney, Jr., president of the Arms Control Association.

The most egregious player is Senator Jesse Helms, Republican of North Carolina, long an irritating nuisance to the State Department, now becoming a menace. Senator Bob Dole has also indulged, both on moving the U.S. Embassy in Israel to Jerusalem and trying to lift unilaterally the UN arms embargo on Bosnia. It is time for the U.S. Senate to restore some dignity and sense of responsibility.

The most important of many issues at stake is the START-2 treaty. It was signed by Presidents George Bush and Boris Yeltsin in January 1993, and has broad bipartisan support. It provides for the dismantling of some 12,000 nuclear weapons, half

each from Russia and the United States. But these weapons remain in the arsenals because the treaty has not been ratified.

Mr. Helms refuses to call a meeting of his Foreign Affairs Committee to send the treaty to a floor vote because of his feud with the State Department, in which he is trying to force an unwelcome reorganization.

He is also holding up a crucial convention banning munitions of chemical warfare, and a couple of dozen ambassadorial appointments. This is not the first time he has abused his powers for a pique or a whim, but now he is really going too far.

The START treaty is urgent because the Russian Duma won't do anything about it before the United States does. After elections next month, there is no telling whether Russia's new legislature, likely to be more nationalistic, will accept it at all. Loss of the treaty would really be setting the nuclear clock back closer to danger.

Franklin Roosevelt made bipartisan foreign policy a real achievement after the United States entered World War II. Harry Truman advanced it, always taking care to include leading majority and minority figures from both houses of Congress in American delegations to important negotiating conferences. The custom was lost in the past generation. It should be re-established. It is the key to giving U.S. policy the sturdy credibility it needs in dealing with other countries.

But on START, action is needed immediately. It would

be a wise and fitting service for Senator Sam Nunn, before his planned retirement, to take the floor and demand that the treaty be put to a vote, perhaps together with one of his frequent Republican partners, John Warner or Richard Lugar.

There is even a good case for changing the rules to put a stop to Helms-type irrelevant blockage on major matters. The states and the statesmen with whom the United States makes agreements that it wants and needs cannot be expected to put up with waiting on an individual senator's pet gripe.

Only the United States and Russia are parties to START (many countries signed the chemical warfare treaty but are waiting for Washington to act before ratifying), but making the promise of nuclear disarmament a fact is in everybody's interest.

It would be perfectly reasonable and proper for America's friends — say, France, Britain, Germany, Canada, Japan — to raise their voices and call on Washington to move swiftly before the treaty risks failure in the uncertain Moscow environment.

The situation is so absurd that it is hard to believe. But those 12,000 unneeded warheads are real. When START-2 was signed, there was also a promise of moving on to negotiate further mutual reductions, which would set a new climate for the other nuclear powers, and help prevent proliferation. That promise is in abeyance, too.

There aren't even any votes to be won in this kind of political shell game. It goes on behind the public's back. Here is something worth protesting.

© Flora Lewis.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Bank Scandal

BRUSSELS — Great consternation was caused in Brussels this morning (Nov. 16) by a rumor that a deficit of two and a half million francs had been discovered in the cashier's accounts at the great banking establishment known as Société Générale. As soon as it was found out that the cashier, a man named Hennin, had appropriated this money, probably in order to speculate in gold mines, the police were immediately informed. The cashier, who belongs to a well-known Belgian family, is being searched for.

Commons to-day (Nov. 16). Mr. Churchill added that heavy losses have been inflicted on the rebels and that everything the military authorities have asked for is being supplied for the maintenance of order in Ireland, including means for the prevention of ambushes.

1945: De Gaulle Resigns

PARIS — After one more day of consultations in an effort to break the deadlock created by the Communists, General Charles de Gaulle tendered his resignation as President of the interim government of France in a letter delivered last night (Nov. 16) to Felix Gouin, president of the Constituent Assembly. The General's final decision became known just before midnight, several hours after a report of his resignation had been published in special editions of the French afternoon papers. The definitive announcement was made by M. Gouin without disclosing the terms of the letter of resignation.

1920: Losses in Ireland

LONDON — Since June 30 British troops in Ireland have been attacked on 99 occasions, with the result that 39 men have been killed, ninety wounded and 98 captured or disarmed according to Mr. Winston Churchill, who made the statement in the House of

International Herald Tribune

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OPINION/LETTERS

Powell Was Just Too Grown-Up to Run

By Richard Reeves

LOS ANGELES — Colin Powell's decision not to seek the presidency was the right one for him. The man is obviously unqualified: He appears to be sane.

Also, he never had a chance. The American system of selecting presidents is rigged against outsiders, particularly sane ones. The rules of the game, state election laws, are contracts between the Democratic and Republican parties to preserve each other. The only outsiders who rush in where angels fear to tread are self-financed and self-deluded souls of the Ross Perot sort.

General Powell looked before leaping into the abyss of national politics and saw that it is a nut-house. It is a pit dug by men like Bill Clinton and Bob Dole, who have trouble remembering what they have said and done from one day to the next, and Newt Gingrich, who hears the voices of demons when mere opponents or skeptics are trying to get his shattered attention.

The fact that millions of citizens apparently wanted the general to run had nothing to do with what happened. There was simply no place for him in this business.

He learned that the third-party route is a mirage, seemingly real only to those willing to spend millions upon millions of their own dollars for the dubious pleasures of being on television and being recognized at restaurants. The Demo-

cratic Party is a closed shop for now with a sitting president and vice president. And anyone who has been on the floor of a Republican National Convention, among the believers, knows that General Powell had about as much chance of winning there as Madonna does —

The general also never really had a chance of winning.

even if he or she went out and won every primary election. The know-nothings who have devoted 30 years of their lives to taking over and making over the Grand Old Party are not about to hand their creation over to an Episcopalian from the devil's own home, New York City.

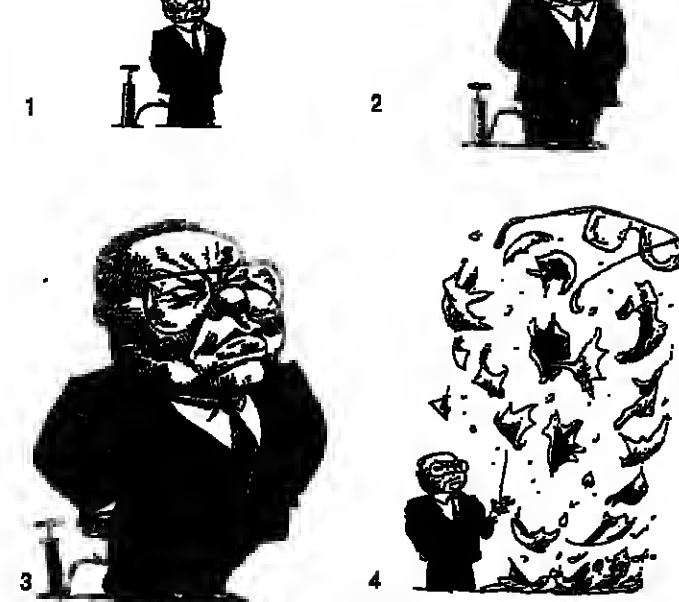
It's too bad, General Powell looked presidential and then some in his press conference last Wednesday — articulate and disciplined. He said what he had to say and stopped. President Clinton should study the videotape — demonstrating that he does not need four stars on each shoulder to control a roomful of reporters. He also said things that should be listened to and pondered.

I was moved when he ended his opening statement by saying: "In one generation we have moved from denying a black man service at a lunch counter to elevating one to the highest military office in the nation and to being a serious candidate for the presidency. This is a magnificent country."

Yes, it is, even if it is sometimes run by clowns, nasty ones at that. I was moved again when General Powell said we Americans had to "restore a sense of shame in this country."

I might have chosen a different word, but we have become, or are becoming shameless, looking the other way in a society where notoriety becomes respect, where lying is accepted without real penalty and where we no longer accept responsibility for illiterate schoolchildren or human beings sleeping on the streets. I know, Newt, it's all their own fault.

Politically, I wanted General Powell to run as a Republican because I believe that some of the shame and shamelessness of America would be attacked across the society if large numbers of black Americans began to vote Republican. The current pattern of American racial politics — with blacks voting overwhelmingly Democratic — is relatively new. Until the rise of Franklin D. Roosevelt, blacks were a solid vote for "the



By KAL in The Economist (London, C&W Syndicate)

party of Lincoln," as General Powell called the Republicans. But even after F.D.R., Republicans perceived to be "in the spirit of Lincoln," in General Powell's words, like Dwight Eisenhower and Nelson Rockefeller were able to win more than 40 percent of the black vote — until the presidential candidacy of Barry Goldwater in 1964 seemed to push blacks out of the Republican Party forever.

Perhaps General Powell will still

play a role in that. His life after all is a "magnificent" American story. He's a sane guy, after all. Too bad there's no room for him in politics. In the last line of a Powell story in The New York Times, an anonymous "leading Republican" was quoted as saying: "He demonstrated today why he should be president. He's a grown-up."

A grown-up! How unusual in the politics of our day.

Universal Press Syndicate.

Standoff in Washington: Do You Feel Lucky, Newt?

By Megan Rosenfeld

WASHINGTON — There's a scene in the movie "Reservoir Dogs," about a gang of bickering jewel thieves, in which three of the crooks pull guns on each other. After staring one another down for a few seconds, they all pull their triggers at once.

The face-off is an American cliché. Two guys locked in confrontation. Who'll blink first and

leader who Takes a Stand — as long as we perceive it to be based on principle and not mere political gain. We like the fierce father image.

"The American public have often shown a preference for a strong, bold leader, even if that leader is wrong," said Max Bazerman, a professor specializing in dispute resolution and organization at Northwestern University's Kellogg Graduate School of Management.

"Historically, presidents have benefited from confrontations," said Peter Cramton, a professor of economics at the University of Maryland. "Like the Gulf War. The president gets to demonstrate leadership abilities and take a stand. American people like that. They rally around a cause."

The catch is that none of this helps resolve the problem, and the more heated the rhetoric, the further away the solution.

Experienced negotiators recognize the process. "Once both sides are committed to a particular issue, then it turns into a game of chicken that nobody wins," Mr. Cramton said.

Mr. Thomas recalls the Cuban missile crisis as an example of how, he says, "politics and good negotiation are often at odds."

"Jack Kennedy leaked the story to The New York Times because of political needs of his own, because he was seen as being weak and having no experience in foreign policy. So he delivers a public ultimatum, knowing that Khrushchev has to back down," he said. "Kennedy won, and it also started the biggest military buildup in the history of the world. If it had been done privately, the missiles would have gone and no one would have known."

To get the budget negotiations back on track, Mr. Thomas says, the first thing that has to happen is for both sides to "stop having press conferences every hour." They also have to agree to another condition that may be truly impossible: "no gloating at the end."

Of course, they could all keep staring, guns drawn. Or it's possible that one side will emerge the winner and the other the loser. But a "Reservoir Dogs" resolution may be more likely: everybody gets hit.

The Washington Post.

MEANWHILE

lose the game? "What you have to ask yourself is, do you feel lucky? Well, do ya, punk?" said Clint Eastwood in the first "Dirty Harry."

And of course, "High Noon," starring Bill Clinton vs. Newt Gingrich and Bob Dole, facing each other down in "Budget Impasse at the Congressional Corral." Or Ronald Reagan as President Reagan, facing down the air traffic controllers in the strike of 1981, firing every last one of them.

"Negotiating is quite uninteresting and quite boring," said James C. Thomas, a lawyer who handles mergers and acquisitions and who wrote "It's Negotiable."

"Americans in general hate negotiating. We'd rather cut to the chase, and all the other clichés," he said. "Similarly, we like to win, and tend to see negotiating in terms of a battle, with negotiators as gunfighters instead of problem-solvers."

We have a habit of rewarding presidents who take fierce, strong positions with high approval ratings, even though their sumo wrestler moves may not actually produce the best policy. Clearly, a scenario reduced to two or three guys facing each other down is an easier pitch — to use Hollywood parlance — than the daunting complexity of actual negotiation. Recent polls show that President Clinton's approval rating is at 50 percent, one of the highest numbers he's had — and that voters blame the Republican-directed Congress for the stalemate more than they blame the president.

The standoff is at odds with the current trend in American business and government, which is to avoid confrontation, work out a compromise that saves face for everyone and say nice things at the end.

And yet, we are attracted to the

LETTERS TO THE EDITOR

No to Nigerian Junta

Well-placed civilians must join in saying no to the bloated opinion Nigeria's military has of itself. The international community can help immensely in forcing the soldiers to the wall, making them accept that Nigeria has had enough of military tutelage and nothing worthy to show for it. Nigeria surely deserves better.

HERBERT MADU,
Brussels.

The Bad News

Of the 10 reasons why the United States is a better place to live in 1995 than 1959 (*Opinion*, Nov. 9), at least three are misleading or false.

• More Americans are going to college than ever, but, nevertheless, Americans are more poorly educated than at any time since World War II. Not only are schools more poorly preparing students for college, but large numbers of those who go to college care little about education or are unwilling to work hard. I know: I taught for 30 years.

• Perhaps television could open "the world to our eyes and minds," but it is ludicrous to claim that it has done so. Indeed, television more than any other single influence is responsible for the rot in our educational system.

• Minorities may have been "brought into the mainstream of life" and it may be true that "dis-

crimination has become a crime rather than a habit," but the rise of a black middle class and that of other minorities has masked the increasingly hopeless state of an underclass for whom traditional jobs are disappearing, and for whom the educational system they need to prepare them for 21st-century jobs is failing disastrously.

ANTHONY RALSTON,
London.

Slur on Scholars

Regarding "Lubbers Is in Doubt for NATO as U.S. Signals Objections" (Nov. 10):

I was a bit disgruntled to read that the Clinton administration objected

to Mr. Lubbers' appointment, among other reasons, because "he has lost his edge after being in academic life for a couple of years." This is a view reminiscent of those held in bygone days of leper colonies.

BART DESMITT,
London.

About the B-2

Regarding "Weapons Games in Fantasyland, and Players Are Glad to Play" (*Opinion*, Oct. 9):

William Pfaff, who calls U.S. congressional support of the B-2 bomber "pork barrel politics," should get his facts straight.

Northrup Grumman, the prime contractor, submitted a proposal to

produce 20 more B-2s for a fixed price of \$570 million per aircraft. Adding government costs such as spares, training and facilities construction, the total comes to about \$750 million per aircraft, not \$2.25 billion, as Mr. Pfaff asserts.

In addition, the Defense Department rebutted claims that the B-2 would not meet its performance requirements, stating that based on test results to date, it expected the developmental flight testing program to meet the program's combat capability commitments.

TONY CANTAFIO,
Los Angeles.

The writer is a spokesman for Northrup Grumman.

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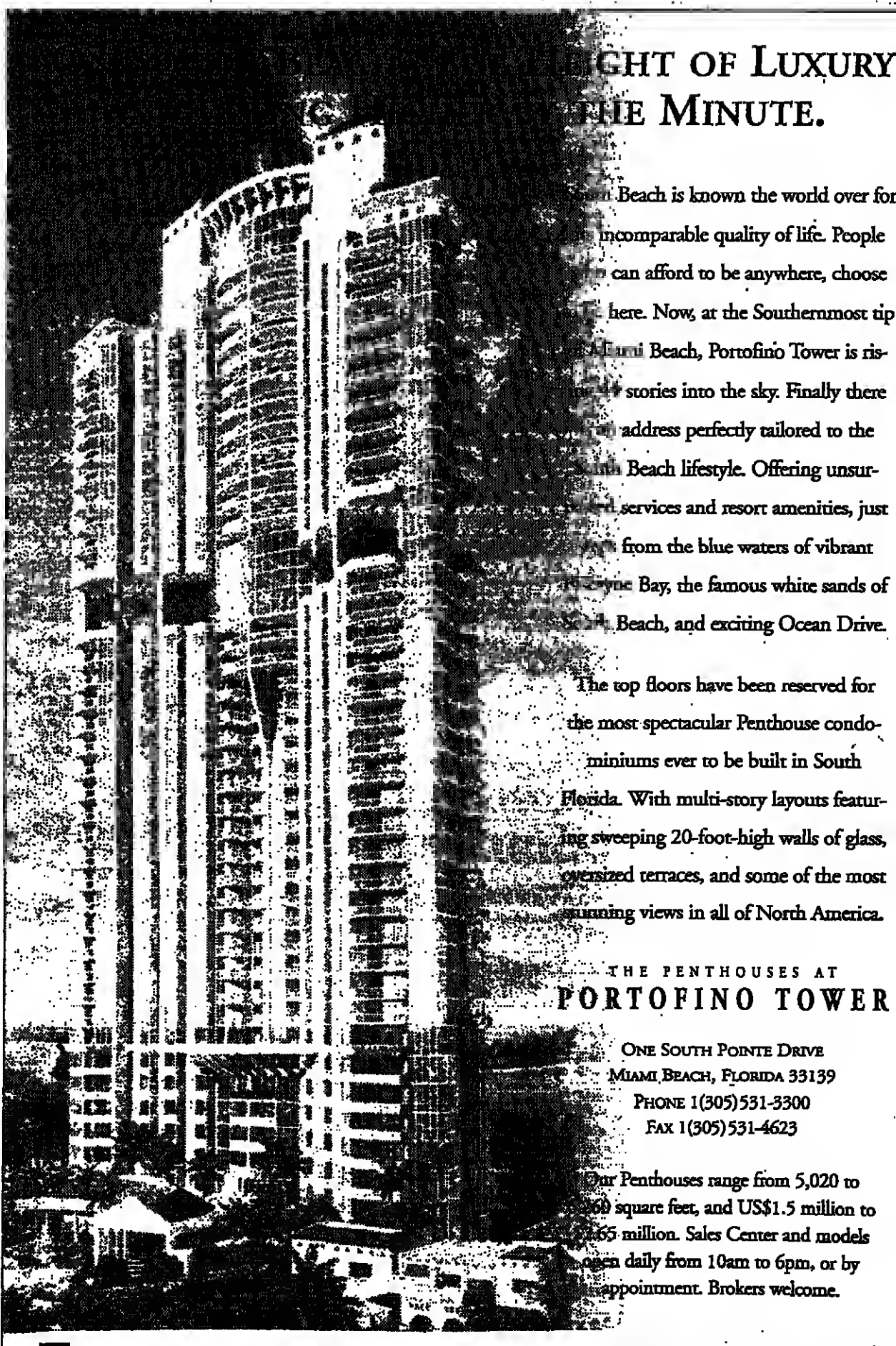
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The lobby of the Chulalongkorn Royal Theater in Thailand's capital; a mythical garuda at the post office.

On the Art Deco Trail in Bangkok

By Carl Rosenstein

BANGKOK — A few years ago, in predominantly Muslim Malaysia, I discovered a boulevard lined with Art Deco residences and commercial buildings, some looking as if they had been transplanted from Miami Beach to the shores of South Florida. This serendipitous find on Penang Island in the sleepy city of Georgetown, where trishaws are still a popular mode of transport, began my five-year search for more early modern architecture in Asia.

In subsequent travels I discovered a wealth of Art Deco and early modern buildings, monuments and bridges in Singapore, Jakarta, Rangoon and Saigon — vestiges of the final years of Dutch, French and British colonialism. Some of it is textbook European design imported to these colonized capitals, but the best works are electrifying blends of early modernistic ideas and Oriental inspiration. The main train station in Rangoon is an imposing modern concrete structure crowned with four traditional Burmese temple spires. A theater in Bandung on Java has a bas-relief done in pure Dutch Expressionist style with representations of water buffaloes and rice farmers wearing conical hats.

Surprisingly, all of the Southeast Asian capital cities, Bangkok, never colonized, possesses the richest trove of Art Deco. In the West, Art Deco and streamline design were symbolic stylizations of "modernization" and "utopian futurism"; in Bangkok, Art Deco structures had a more startling effect. They were more than simple stylizations; they were icons of a new age, a conscious shift toward the West.

Hualampong Station, Bangkok's main terminal, was built on New Road just before World War I and is a gem of early modernism. The station predates the Art Deco period but it is a magnificent transitional structure. Its portico entrance is neoclassical but its sweeping vaulted iron-framed roof exemplifies the most up-to-date engineering of its time. At either end of the terminal, the symmetrically patterned colored glass skylights are pure expressions of Dutch Modernism.

The architect used the de Stijl philosophical aesthetic, working with straight lines and primary colors and neutral black, white and grays. This curtain of colored

lights softly illuminates the hive of activity below.

Farther along New Road is the General Post Office, in the Silom-Surawong commercial and financial district. Built in 1927, the post office is a solid four-story structure with strong vertical Art Deco lines. Mounted atop either side of the central tower's vertical piers are two magnificent, monumental sculptures of the garuda (known in Thai as Raja Krut), the mythical man-bird, the mount of Vishnu. The post office's three massive entrance doors support wrought-iron grillwork twisted into a "frozen fountain" motif with gilded garudas mounted in the center.

Looming above Chinatown's crowded narrow streets and its endless streams of vehicles, the street stalls with their pungent aromas of chili and fish sauce and the enormous crush of humanity, are the strong vertical lines and streamlined curves of Art Deco. Yaowarat Road and New Road are lined with a variety of Art Deco and modern buildings, especially near the Hang Tong gold market. Many commercial buildings in Chinatown are topped with adornments, some 10 to 15 feet high. On one is an elephant, on another a lion; still another has a Moorish dome and one even sports the Eiffel Tower. The Hua Seng Heng gold exchange is urbane with its stepped-glass block facade and ornamental grillwork depicting the crown of the mythical King Rama, as depicted in the Ramayana, an ancient Asian epic.

On the edge of Chinatown, farther down New Road in the direction of the Royal Palace, is the Radio City Music Hall of Bangkok, the Chulalongkorn Royal Theater, one of the city's last Art Deco theaters. A gift to the Thai people from King Rama VII in 1933, the theater was designed by Prince Samsachaleon, who studied at the Ecole des Beaux-Arts in Paris. The theater is a vivid geometric building, hexagonal in shape.

adorned on three sides with ornamental medallions of the mythical King Rama.

Not far from the theater, at the center of a traffic circle at Ratchadamnoo and Triphet Roads, is the Democracy Monument. Rising from the swirl of vehicles are four magnificent winged finials of poured concrete that mark the bloodless coup of 1932 that abolished the absolute monarchy of Rama VII and replaced it with a constitutional monarchy.

The monument's four symbols of freedom are mounted on pedestals with elaborate bas-relief panels. One panel characterizes strength, wisdom, justice and compassion, while another represents maternity, youth, vigilance and labor. They bring to mind the bas-reliefs by Lee Lawrie on the International Building at Rockefeller Center depicting the four races of mankind and Art, Science, Trade and Industry. Along the center median of Ratchadamnoo are sculptured kinarees, voluptuous spirit beings, half maiden and half bird. They stand affixed atop lamp posts, supporting street lights on their staffs.

FARTHER along Ratchadamnoo, toward the National Assembly, is the Ratchadamnoo stadium, built in the 1930s. Flanking the marquee, two outstanding bas-reliefs depict kick boxers, wrestlers, matadors, swordsmen, charging elephants and chariots.

Art Deco can be spotted in many other corners of the city. At the entrance to the Phutthayotha Memorial Bridge, built in 1929-32, is a bronze statue of Rama I, the founder of Bangkok. Lumpini Park, at the east end of Silom Road, has another Rama, this one in memory to the park's founder, Rama VI. In the park I came across a footbridge with street lamps that echo the Pueblo Deco Thunderbird motif. The Art Deco Bangkok metropolitan administration building on Triphet Road, close to Democracy Monument, recalls a traditional Thai temple. It has a two-tiered pitched tile roof with Thai finials extending from the roof corners. The windows have triangular arches, as does the entrance portico.

And there are many lesser buildings and monuments to be seen. In Bangkok I was always surprised by what was around the next corner.

Carl Rosenstein, who is writing a book about Art Deco in tropical cities, wrote this for The New York Times.

Flowers and Games in Chiang Mai

By Martha Stevenson Olson

CHIANG MAI, Thailand — Thailand's northern metropolis of Chiang Mai has the determinedly busy air of a host preparing for a large gathering. Roads are being widened and repaved, temples are getting face-lifts, and everywhere banners and billboards trumpet the arrival of the 18th Southeast Asian Games from Dec. 9 to 17. Less widely advertised is the 700th anniversary of the city's founding by King Mengrai, to be celebrated throughout 1996.

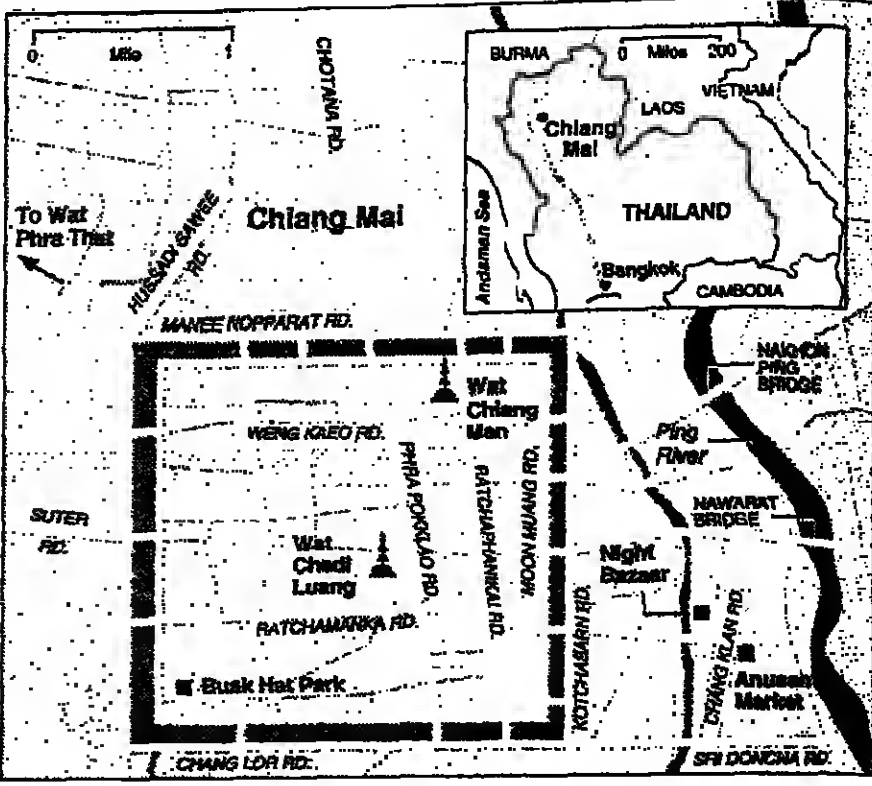
Visitors will find Chiang Mai a charming, friendly city proud of its heritage, and cooler and cleaner than its counterparts to the south. It offers a range of accommodations and cuisines and a glittering paucity of temples. Traffic can be foul-smelling and congested here, though much less so than in Bangkok. Yet Chiang Mai is well enough punctuated by water and greenery to make it an agreeable place to spend several days: It has a moat and remnants of ancient walls squaring off the old city, the Ping River to the east and the green expanses of Chiang Mai University to the west. And the central core of the city — especially the old section, crisscrossed by small lanes — is small enough to navigate on foot or bicycle.

Most events at the 18th Southeast Asian Games will take place in a new 20,000-seat stadium and sports complex about three miles north of the city. Following an opening ceremony on Dec. 9 that will feature singing by 13,000 students backed by a symphony orchestra, teams from 10 countries will compete in 27 sports from archery to taekwondo. Tickets for individual events can be bought at the stadium the day before, and up to three hours before, the event begins; \$2 to \$8. For information, contact the SEA Games Organizing Committee, 2088 Ram-khamhaeng Road, Hua Mark, Bangkok 10240; telephone (66-2) 318-0946, fax (66-2) 319-3883.

From Dec. 29 to Jan. 7, the Winter Fair will take place at City Hall (Sala Klang) on Chotana Road on the city's north side. The culture of northern Thailand will be showcased with folk performers and crafts. Contact the Tourist Authority of Thailand, regional office, 105/1 Chiang Mai-Lamphun Road, Chiang Mai; telephone 2484004. (The area code for Chiang Mai is 53.)

As part of the city's 700th anniversary celebrations, Chiang Mai's annual Flower Festival will be held throughout February. Highlights will include a parade of flowerbedecked floats that skirt the old city on Feb. 3 and dance and music performances Feb. 3 and 4 in Buak Hat Park, at the old city's southwest corner. Most events are free.

Chiang Mai's population of about 171,000 supports about 300 Buddhist temples, almost as many as in Bangkok. A



good overview — literally — is provided by Wat Phra That, the temple atop the 3,051-foot (920-meter) mountain Doi Suthep that anchors Chiang Mai's north-west corner. A 300-step naga staircase — with a snakelike banister ending in a stylized mosaic snake's head — leads up to the temple, as does a small funicular train that costs 20 cents, calculated at 25 baht to the dollar.

Of the more notable temples in Chiang Mai, Wat Chedi Luang, on Phra Pokklao Road north of Ratchamanka Road, has a towering chedi dating from 1441 and 10-foot-high stone elephants.

A popular half-day outing is a trip to the crafts outlets on San Kamphaeng Road east of Chiang Mai. At most outlets, visitors wind up in the showroom after a brief factory tour (about \$14). Still, it's interesting to see how silk, celadon pottery, teak furniture, brass cutlery, lacquerware, hammered silver and the painted fans and umbrellas of Bo Sang village are made.

The same merchandise (often at lower prices) and much more can be found at Chiang Mai's night bazaar on Chang Klan Road. The action peaks from around 8 to 10 P.M.

Martha Stevenson Olson, who writes frequently about Southeast Asia, wrote this for The New York Times.

THE MOVIE GUIDE

Ace Ventura: When Nature Calls
Directed by Steve Oedekerk.
U.S.
Butt ventriloquist, poppy jokemeister and loogie-loofer extraordinaire, Jim Carrey pulls every gag from his comedy kit bag — and some from his nose, of course — but "Ace Ventura: When Nature Calls" just rolls over and expires. In his second outing,

the antic animal sleuth is plucked from the simple environs of South Florida and plunked against a canvas far too grand for the character. Summoned to Africa by the British consulate, pet detective Ace must find a sacred white bull that has been stolen from the peaceful Wachati tribe. If he fails, the contentious Wachatoo tribe threatens tribal war. Never mind why. Ace is as frenetic

as ever, but his hyper high jinks aren't seen as particularly odd by the rascally Wachatoo or the wacky Wachati. Carrey's targets — animal poachers, horse beaters and fur wearers — have potential, but he does little to milk it, preferring to mug the camera like a stupid comic thug. In short, Carrey's got nothing to bounce all that energy off of, not even a solid story line. All he has left to

work with is the character, whose quirks and eccentricities and love for animals endeared him to slapstick audiences. A sequel ought to reveal something more about the character, but even Carrey seems to be growing tired of the poor pet detective. Perhaps the lesson is: You don't have to answer when nature calls. Pretend you're in a crowded elevator.
(Rita Kempley, WP)

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Gastronomy, From Côte to Côte

By Patricia Wells
International Herald Tribune

JOIGNY, France — A grand meal must be more than the sum of its parts. Rather one anticipates a *fête complète*: an experience that celebrates ingredients, cuisine, service, ambience. Ideally, all is woven together in perfect harmony. Courses should flow one to the other, linked by a common thread. For the diner to appreciate the experience, the food must be familiar enough to be instantly recognizable, and yet sophisticated enough to demand an army of well-trained chefs to execute it. In short, the sort of meal one travels to France for — a sort of perfection that is rare, but attainable.

Chef Jean-Michel Lorain, along with his father, Michel, offered a close to perfect gastronomic experience last week at their family restaurant — La Côte Saint-Jacques in northern Burgundy — creating a lunch for some 50 international gastronomes, members of the International Association of Culinary Professionals.

The father-and-son team — with three coveted Michelin stars since 1986 — selected the menu and wines themselves, an act that should tip the balance of success in their favor. And it did. Save for a contrasting weak and over-the-hill cheese tray and bread that is simply ordinary, they created a nearly flawless, totally classic French meal highlighted by modern touches.

Jean-Michel Lorain has had the good fortune to apprentice himself to some of the finest kitchens in the world: his father's, that of Troisgros in Roanne, Taillevent in Paris and Girardet in Switzerland. He did not waste his time, nor did his masters, for what he presents today is a thoroughly modern, classic French cuisine that displays a rare sense of equilibrium and sophistication. Flavors could hardly be more lively, of the moment. Chef Lorain has the wisdom to allow ingredients to speak for themselves and does not dilute them with a lot of fancy footwork in the kitchen.

A TRADITIONAL Côte Saint-Jacques starter is the warming mix of *boudin noir*, or blood sausage, paired with potato puree, and the presentation showed that such classics need never show signs of age. The pungency of the blood sausage and the fleeting airiness of the potato puree serve as perfect teasers, setting your palate up for more to come.

Terrines have long been a Côte Saint-Jacques signature, and the Lorains continued the tradition with a surprisingly successful oyster terrine, a compact creation that comes across like a fresh ocean breeze. A chef instantly wins me over when — against my better judgment — I end up loving a dish that on the face of it seems

contrived: How could one dare try to improve on a fresh oyster in its shell? And in landlocked Burgundy? Chef Jean-Michel did, by offering a refreshing collage of briny oysters teamed with a hint of sautéed shallots, a touch of hazelnut oil, a hint of reduced red wine, all wrapped in a thin veil of bright green spinach and set off by a flourish of fresh Belgian endive.

A dish pairing foie gras and potatoes may not sound as though it's at the cutting edge of modern French cooking, but in Lorain's hand the marriage proved miraculous: The duck liver was pan-fried to perfection, then set upon a bed of new-season potatoes that had been cooked, then crushed, married with faintly salty black olives of Provence. A blending of regions — duck from the southwest, olives and oil from Provence — proved brilliant, com-



terpointing the earthy blandness of potatoes, the pungency of the olives, the smooth opulence of foie gras.

A dense and rich whole roasted duck — presented and carved tableside in the best of traditions — was balanced with the fruity acidity of black and red currants. Ginger ice cream teamed up with puff pastry enveloping a smooth, caramelized pear, closing the door on an exceptional feast. Flawless service and a careful selection of wines made it all that much more satisfying, with a 1990 Chablis Grand Cru "Les Clos" and 1988 Nuits Saint-Georges honoring Burgundy and the Lorain cuisine.

One day earlier, the Michelin three-star chef Bernard Loiseau of La Côte d'Or in Saulieu was assigned the same task: Create a menu and wine list that might dazzle a dining room filled with eager, sophisticated palates. Loiseau's lunch was far less successful. His first mistake was to begin the meal with two soups. Nothing satisfies hunger like soup. Likewise, nothing kills hunger like soup. So why sate palates? What chance do you have in winning them over on the third course?

Loiseau's first offering — a fragrant, caramelized cauliflower soup — was a brilliant starter, an elegant treatment of a highly versatile and undervalued vegetable. A second liquid course — a thin lentil soup dotted with duck giblets with a poached egg floating on top — was simply weird. The dish flatters not a single ingredient and it's puzzling to find it among

Loiseau's repertoire. (Has the chef ever sat down at the table and sampled the dish following the cauliflower soup? If he has, I can't imagine he would have served them in succession.)

Loiseau presented his standard Burgundian preparation of *sauces*, or perch, on a bed of shallots, all surrounded by red wine sauce. It's a comforting dish, but lacks harmony. The intensity of the shallot fondue obliterates the delicate flavors of the fish. (On its own, the fish was perfection, with a moist and tender interior and crusty skin enhanced by sautéing the fish in goose fat.) The red wine sauce, as ever, proved a gentle, finely acidic counterpoint to the fish.

THE *poularde à la vapeur* — elegant Bresse poultry steamed in a large clay pot — remains one of Burgundy's most famous dishes. But it takes a stretch of the imagination to consider it the epitome of contemporary gastronomy, fare that truly flatters a three-star table. Yes, the poultry was flavored with an avalanche of truffles tucked beneath the skin, and served with basmati rice flavored with even more truffles. Yet it failed to dazzle. (Beyond the potato, French chefs do not seem to understand starch: Rice and pasta are always ill-served here. Loiseau followed suit by badly cooking a perfumed rice that could, in the best of situations, only play fisticuffs with the truffle.)

Service here remains of the highest order, and Loiseau's dining room is the model of grand country French dining. You truly feel as though you are someplace special. The Côte d'Or cheese tray — orchestrated by the Parisian cheese monger Roger Alléou — serves as homage to the cheese makers of France, and is nearly worth a detour on its own. Breads are spectacular, as is the dried fruit and nut tray, all balancing perfectly with the selection of cheese. Loiseau's wine choices — a 1993 house Burgundy and a 1990 Chablis Grand Cru from Domaine Germain, honored La Côte d'Or as well as the region.

La Côte Saint-Jacques, 14 Faubourg Paris, 89300 Joigny. Tel: 86-62-09-70. Open daily. Credit cards: American Express, Diners Club, Visa. Menus: 360 francs (about \$75) for weekday lunch only, 720, 750 and 840 francs, including service but not wine; 160-franc children's menu. A la carte, 570 to 875 francs, including service but not wine.

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An August Sander photograph, shown in Paris; Gontcharova's "Costume for St. John," exhibited in Switzerland.

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Barbican Centre, tel: (171) 638-3891, Nov. 17 to 19: "Behind the Music: Purcell Tercentenary Weekend." Performances of "The Indian Queen" (James Bowman, counter-tenor), "The Fairy Queen" and "Dido and Aeneas." Also, four programs of music for church, chamber and ceremonial occasions to be performed at St. Giles Church.

Stuttgart
Staatstheater Stuttgart, tel: (711) 203-20. Kurt Weill's "Aufstieg und Fall der Stadt Mahagonny." Directed by Ruth Berghaus, conducted by Janos Kulka with Gabriel Sadé and Dagmar Peckova. Nov. 23, 25 and 29.

GERMANY

Athens
Megaron, tel: 72-82-333. World premiere of choreographer John Neumeier's "Odyssey," based on the Homeric poem. Music by George Couros, set designed by Yannis Kolkos. Nov. 20, 21, 23, 24, 25, 26.

FINLAND

Helsinki
The Finnish National Opera, tel: (0) 403-02-211. "Don Carlos." Directed by Ralf Langbecker and conducted by Eri Klas. Nov. 17, 21 and 29.

FRANCE

Paris
Centre National de la Photographie, tel: (1) 53-78-12-31, closed Tuesdays. To Jan. 1: "August Sander." Photographs taken by the German artist from 1920 to 1950 in the homes or working places of scores of people from all walks of life. Musée d'Orsay, tel: (1) 40-49-48-14, closed Mondays. Continuing to Jan. 21: "Manet, Gauguin, Rodin... Chê-

d'œuvre Français de la Ny Carlsberg Glyptotek de Copenhagen." Pavillon des Arts, tel: (1) 42-33-82-50, closed Mondays. To Feb. 4: "Visages de l'Inde." More than 60 icons from Russia, Ethiopia, Greece and the Near East painted between the 11th and 18th centuries.

JAPAN

Tokyo
Museum of Contemporary Art, tel: (3) 3445-0551, open daily. To Jan. 21: "The Camera I." Self-portraits by 130 Western artists with exhibits ranging from the mid-19th century to the 1980s, enabling the viewer to gain an understanding of the aesthetic and philosophical issues of photography.

THE NETHERLANDS

The Hague
Het Paleis, tel: (70) 338-11-11, closed Mondays. Continuing to Jan. 14: "Rocin." 50 sculptures, drawings, watercolors and graphic works by the French sculptor.

SPAIN

Madrid
Fundación Juan March, tel: (1) 435-4240, open daily. To Jan. 14: "Georges Rouault." More than 50 paintings created between 1882 and 1953 by the French artist.

SWITZERLAND

Lausanne
Musée des Beaux-Arts, tel: (21) 812-8332, closed Mondays. To Feb. 4: "From London." Works by the six figurative London artists of the post-war period: Bacon, Lucian Freud, Leon Kossoff, Michael Andrews, Auerbach and Kjaer.

food, music and dance (including the premiere of Micha von Hoedeke's ballet "Rothschild's Violin").

UNITED STATES

New York
Bard Graduate Center, tel: (212) 721-4245, closed Mondays. To Feb. 25: "A.W.N. Pugin: Master of Gothic Revival." Pugin (1812-1852), known today as the designer of the interiors of the Houses of Parliament in London, also defined the parameters of the 19th-century English Gothic Revival and exercised them in church and domestic architecture, textiles, jewelry, metal work and ceramics. The exhibition features more than 100 of Pugin's creations.

Whitney Museum of American Art, tel: (212) 570-3633, closed Mondays and Tuesdays. To Feb. 11: "Robert Frank: Moving Out." A retrospective of this Swiss-born American artist who influenced photography and filmmaking in both the United States and Europe after World War II. Photographs dating from 1950 to the present day as well as film and videotape works.

WASHINGTON

National Gallery of Art, tel: (202) 542-8884, open daily. To Feb. 11: "Johannes Vermeer." Features 21 of the 35 works known to exist today. Vermeer has been admired throughout the centuries for the intimacy of his paintings, his depiction of light and shadow and his illusionism.

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EU Says 20 Chemical Firms Are Suspected of Collusion

BRUSSELS — The European Commission said Thursday it was investigating 20 chemical companies on suspicion of operating an illegal price-fixing cartel for plastics products.

The European Union's executive body said it had decided to investigate after raising corporate offices Tuesday in Germany, France, Italy, Austria, Belgium, Britain, Denmark, the Netherlands and Spain.

The companies under scrutiny include some of Europe's largest chemical makers, BASF AG, Hoechst AG, Petrofina SA, DSM NV and Montedison SpA of Italy, all confirmed they had been visited by commission officials.

The commission, which is responsible for competition policy in the 15-nation EU, can fine companies as much as 10 percent of their annual European sales if they are found guilty of being part of a cartel.

A commission official said the investigation had been prompted by complaints from users of polyethylene and polypropylene products. He said the investigation could take months to complete.

"I do not know whether it's price-fixing. I do not know whether it's quantity-fixing," the official said.

He would not say whether the raids were linked to fines imposed in 1989 by the commission on a group of chemical companies it said were part of a cartel that fixed prices for polypropylene.

The European Court of First Instance over-

turned the fines in April, saying the commission had not followed legal procedures for notifying the companies of its decisions.

Hoechst, BASF, Montedison and Shell International Chemical Co. were among the companies involved in that case. Others involved then but apparently not under investigation now include Dow Chemical Co. and Imperial Chemical Industries PLC.

The chemical companies said they were not concerned by the current investigation.

"We don't think there are any reasons for suspicions against BASF," said Bernd Gerdig, a spokesman for the company.

The commission thinks they have reason to look into these companies, but from our point of view, their reasons are groundless."

The companies said the raids had been unexpected and said the EU officials had not made clear what the inquiry would focus on.

"They just walked in and said, 'We are the EC,'" said Greg Larson, a Montedison spokesman.

Karel Van Miert, the EU's competition commissioner, has taken an increasingly hard line on illegal cartels, pushing up the fines for companies found to be operating price-fixing or quota-fixing arrangements that damage the EU's internal market.

Last year, the commission fined the steel, carton-board and cement industries a total of 484 million European currency units (\$646 million) for price-fixing and other anti-competitive practices.

(Bloomberg, Reuters, AFP)

Change of Guard Puts Lloyd's in Greater Turmoil

LONDON — The troubled insurance market Lloyd's of London, the biggest in the world, was thrown into fresh turmoil after Peter Middleton, its chief executive, resigned at a crucial stage of talks over a reconstruction program.

The program, valued at \$5 billion (\$9.36 billion), includes an operation intended to free outside investors, known as "names," of past liabilities in return for a one-time payment.

Mr. Middleton's departure from Lloyd's was a shock within the organization, where he had given no indication that he would leave before his contract ended two years from now.

Although its financial situation at Lloyd's has stabilized because of rising insurance rates and better profits in recent years, Lloyd's remains in a legal morass with its investors over how to spread the cost of several earlier years of massive losses.

Mr. Middleton, 55, will be succeeded by Ron Sandler, who was appointed only six months ago and was brought to Lloyd's in 1992 to try to turn its fortunes around. Mr. Sandler, 43, is a former management consultant who turned around two British financial firms before joining Lloyd's.

The number of active names at Lloyd's has fallen by more than half from the peak in the late 1980s of 33,000, as many said they had been ruined by the market's record losses of more than \$8 billion over a period of years.

Mr. Middleton's departure was greeted with dismay by representatives of outside investors, some of whom had been scheduled to meet him Friday for further negotiations on the rescue plan.

"It is a real loss to Lloyd's," said Michael Deeny, chairman of the Gooda-

Russia Sets Debt Pact With Banks

FRANKFURT — Russia and its commercial bank creditors agreed on terms for a rescheduling of some of Russia's commercial bank debt, according to a statement released Thursday after talks between the two sides.

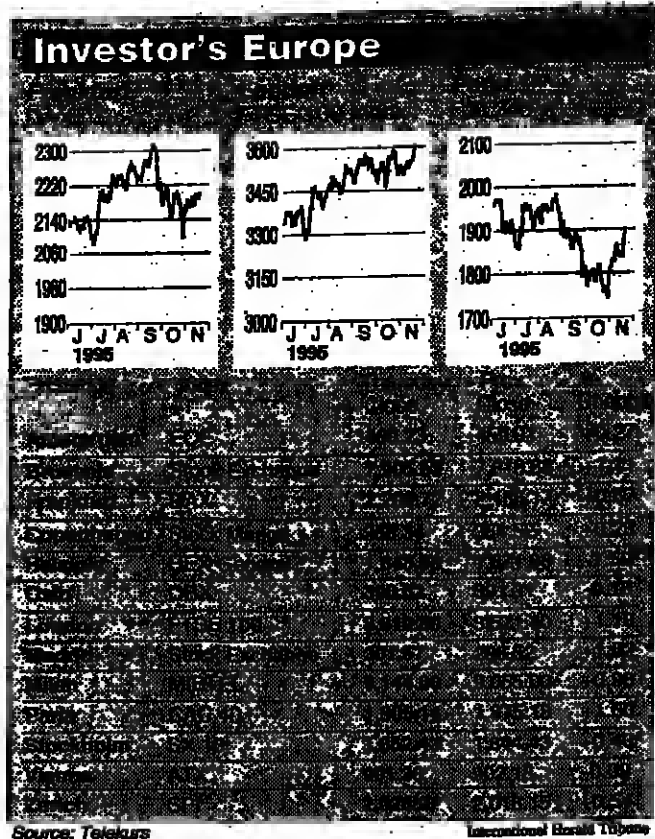
The agreement, reached after four years of negotiations over Russia's debt, followed talks in Frankfurt attended by Russia's deputy prime minister, Oleg Davydov, the country's chief negotiator.

The statement said the agreement applied to about \$25.5 billion of principal and about \$7 billion of interest.

Russia would pay \$1.5 billion of interest arrears by the end of 1996, the statement added.

Before the meeting, analysts said Russia was likely to gain favorable terms for the repayment of its debt, as banks were eager to strike an agreement before Russian parliamentary elections next month.

The balance of the interest arrears will be exchanged for floating-rate notes of 20 years' maturity with a grace period of seven years. The transaction is to be concluded by mid-1996.



Very briefly:

- Thyssen AG said strong performance in its steel unit led to a surge in annual net profit, to 775 million Deutsche marks (\$553 million) in the year ended Sept. 30 from 50 million DM a year earlier. Sales rose 12 percent, to 39.1 billion DM.
- Britain's annual inflation rate dropped to 3.2 percent in October from 3.9 percent in September, and analysts said this increased the likelihood that the government would approve a cut in U.K. interest rates soon.
- News International PLC will close its Today tabloid newspaper in Britain on Friday because of rapidly rising costs and insufficient growth.
- Telegraph PLC said soaring paper costs and a newspaper price war had dragged down nine-month pretax profit by 24 percent, to £25.6 million (\$39.9 million). The company said it might raise the price of its Daily Telegraph newspaper if News International raised the price of The Times.
- The Organization for Economic Cooperation and Development will invite the Czech Republic this month to become the first former Communist country to join the group.
- United Biscuits PLC sold the U.S. frozen-foods business of its Keebler unit for \$86 million to Windsor Food Co.
- Russia's prime minister, Viktor S. Chernomyrdin, announced to editors a raft of tax breaks and other financial benefits to help the Russian media.
- Computer 2000 AG, Europe's largest personal-computer distribution and services concern, said its preliminary figures for sales in the year ended Sept. 30 showed a rise of 29 percent from a year earlier, to 4.97 billion DM.
- Neste Oy said its public share offering, which combined a new share issue and the sale of state-owned shares designed to raise 1.04 billion markka (\$247.9 million), had lowered the Finnish state's stake in the company to 83.6 percent from 97 percent.
- Total SA's chairman, Thierry Desmarest, said he wanted to raise his group's profitability to 10 percent of shareholder funds by 1998, from about 8 percent now.

BCCI Payouts Clear a Hurdle

LUXEMBOURG — Four former employees of the bankrupt bank BCCI have formally abandoned appeals against a compensation order, opening the way for \$1.8 billion to be paid to depositors, a liquidator said Thursday.

About 250,000 creditors throughout the world have been waiting for four years to be compensated for the collapse of Bank of Credit & Commerce International, BCCI was found by investigators to have been managed fraudulently for years before it collapsed in 1991.

All parties involved in the case accepted the withdrawal of the appeal Thursday, the liquidator said.

The employees had said last week they would drop their appeal.

French TV to Fight Foreign Programming

PARIS — The private television broadcaster TF1 and state-owned France Television said Thursday they would work together to set up a French-language digital satellite service to counter what they viewed as a flood of American culture.

"The French audiovisual industry should not have to suffer from the arrival of all those foreign networks that become possible with the arrival of digital television," Jean-Pierre Elkabbach, head of France Television, said. "French programs should not just become an add-on to a foreign service."

Mr. Elkabbach and the chairman of TF1, Patrick Le Lay, said they were setting up a joint company to define programs, select a decoding system and plan a marketing strategy.

The private broadcaster that is

controlled by the building conglomerate Bouygues SA and the owner of the public France 2 and France 3 channels said they would use the satellites of the Eutelsat organization.

C&W Profit Rises
Cable & Wireless PLC reported a 44 percent gain in pre-tax profit for the half-year ended Sept. 30. Bloomberg Business News reported from London.

Profit rose to £815 million (\$1.27 billion), including a gain from the company's stake in Mannesmann Mobilfunk GmbH of Germany. Excluding the gain, profit was £616 million.

Sales rose 6 percent, to £2.71 billion.

Separately, the executive chairman of the company, Lord Young, said he would step down in February 1997. A successor was not named.

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Powercor Is Sold To U.S. Company

MELBOURNE — Pacific Corp., a U.S. utility serving the Western states, said Thursday it would buy Powercor Ltd. from the government of Australia's Victoria state for \$1.6 billion. The purchase is the first step in turning the Oregon-based utility into a global energy company, Pacific Corp. said.

The Powercor acquisition provides an excellent platform for Pacific Corp. to explore other opportunities in Australia and elsewhere in Southeast Asia, said Fred Buckman, president and chief executive officer of Pacific Corp.

Powercor currently markets power produced by state-owned generation facilities. Mr. Buckman said Pacific Corp. remained in the hunt for one of the separate power-generation companies due to be privatized in 1996. Pacific Corp. bid for two other utilities in Victoria this year and lost, he said.

Powercor serves 537,000 customers in the western half of Victoria, including the suburbs of Melbourne. Its service area encompasses urban areas, smaller towns and large expanses of farmland.

Pacific Corp. said it expected to complete the purchase by early December. Mr. Buckman said Pacific Corp. would finance the acquisition through borrowing, its own funds and perhaps an offering of new shares in the

United States.

Another U.S. power company, Entergy Corp., said Thursday that the Victoria government had selected its bid of about 1.6 billion Australian dollars (\$1.18 billion) for Citipower.

That would complete the sale of Victoria's five electricity distributors in just three and a half months. All have been bought by U.S. utilities or investor groups including U.S. utilities.

Victoria is Australia's second most populous state and is the first to sell its power operations. Sales so far have raised 6.9 billion dollars.

Pacific Corp. said it planned to offer shares in Powercor to the public within the next few weeks.

Pacific Corp. has been one of the most aggressive utilities in the United States in terms of selling power to big wholesale customers outside its traditional territory. Analysts said the company would be among the most prosperous if laws were changed to let utilities sell power to households outside their service areas. (Bloomberg, AP)

Taiwan to Buy Coal

Taiwan Power Co. is planning to invest as much as 720 million Australian dollars to buy equity in as many as 12 Australian thermal coal mines, Reuters reported from Taipei. The company also predicted that Taiwan's power industry would double its purchases of Australian coal by 2002.

Stock Issuers Hibernate

Weak Asian Markets Give Firms Pause

Bloomberg Business News

HONG KONG — Companies throughout Asia are being forced to scale back plans to raise money by selling shares as stock markets in the region tumble amid investor concern that Asia's boom is losing strength.

In the most striking example of the trend, PT Telekomunikasi Indonesia cut back its initial public offering this week by 36 percent because of weak investor demand. The company, which had hoped to raise \$2.5 billion, settled for only \$1.59 billion.

In the Philippines, Taiwan, India, Hong Kong, China and elsewhere, Asian companies have postponed or canceled sales of shares or gone ahead with disappointing ones.

Asia's slumping stock markets are the culprits in most cases. Many are at their lowest points in months as investors, concerned about rising inflation and declining profits, are putting their money elsewhere.

The United States, where stocks are at record highs, is attracting much of the money that is fleeing Asian markets.

"At this moment for fund managers, the emerging markets are marginal money," said Paul D. Ngo, an analyst at Baring Securities. Mark Mobius, president of Templeton Emerging Markets Fund, said most markets in Southeast Asia were overvalued.

The sale of shares in PT Telkom, Indonesia's state-owned phone company, was the largest stock sale in Indonesian history and a cornerstone of the government's plan to increase private share ownership and competitiveness in the economy.

But the sale was plagued by bad timing, with Indonesia's stock market at its lowest point in six months. Jakarta's Composite Index slipped 0.20 percent Thursday, to 459.39 points. Investors say they are worried that Indonesia's growing trade deficit may result in a sudden Mexico-style currency devaluation and a melt-

down in share prices.

In China, where shares in Chinese companies traded in Hong Kong, or H shares, are at record lows, some sales have been postponed. Others have gone ahead and fallen short of the company's goals. The benchmark HSC China Enterprise Index, which tracks the H shares of 17 state companies, fell 6.3 percent Thursday to the lowest point in its three-year history.

On Wednesday, Jingwei Textile Machinery postponed a sale of new shares because of poor market conditions. Dongfeng Motors Corp., a Chinese state-owned truck maker, also has delayed a sale of shares in Hong Kong.

Financial advisers say this week's sale of H shares by China's Guangdong Fotao Group, which makes ceramic products, has not been well received and may also be postponed.

"They have alarming amounts of debt, their market in China doesn't look promising, and the whole H-share market isn't doing too well anyway," said Irene Chao, with Citibank Global Asset Management.

Investors in Chinese shares are worried that the government's continuing efforts to control inflation will push corporate profits down and widen losses. The government recently eliminated interest-rate subsidies and is expected to eliminate tax-rate subsidies.

In Taiwan, where uncertainty over presidential elections next month and tensions with China are added to economic concerns, at least three companies have postponed international sales of shares.

The three companies, United Microelectronics Corp., Far Eastern Textile Ltd., and Yageo Corp., had hoped to raise \$500 million, \$150 million and \$80 million, respectively, through global stock issues.

In the Philippines, inflation that reached 11 percent annually in October has triggered concern that interest rates will rise and that the peso and corporate profits will fall.

Profit Falls For Japan's Builders

Compiled by Our Staff From Dispatches

TOKYO — Four of Japan's top building contractors said Thursday that profit fell in the first half as Japanese corporations continued to put off major projects and housing starts fell.

All said they were bracing for lower earnings for the year as well, because government economic stimulus measures were having little impact and demand from the private sector was still sluggish.

"While there is some sign of better demand in the private sector, unless there is a recovery in office and factory construction, it is hard to see our operating environment improving," said Masatoshi Inoue, an executive vice president at Obayashi Corp.

Obayashi's pretax profit plunged to 10.71 billion yen (\$105 million) in the six months to Sept. 30 from 27.9 billion yen a year earlier. Sales fell 32 percent, to 500.62 billion yen, but orders rose nearly 19 percent, to 677.9 billion yen.

Shimizu Corp., the top general contractor, said its half-year pretax profit dropped nearly 70 percent, to 11.31 billion yen, as sales fell 22 percent, to 688.39 billion yen.

Kajima Corp.'s pretax profit fell 70 percent, to 9 billion yen, as sales plunged 34 percent, to 556 billion yen.

The figures were less bleak at Taisei Corp., where pretax profit fell 10 percent, to 13.6 billion yen, and sales fell 5 percent, to 644.72 billion yen.

Orders for the top 50 construction companies rose 4.8 percent in the first half from a year earlier, according to Mark Brown, an analyst at Barclays de Zoete Wedd.

(AFP, Bloomberg)

| Investor's Asia | | | | |
|---------------------|-------------------------|------------------|-------------|----------|
| Hong Kong Hang Seng | Singapore Straits Times | Tokyo Nikkei 225 | | |
| 10000 | 2300 | 20000 | | |
| 9500 | 2200 | 19000 | | |
| 9000 | 2100 | 18000 | | |
| 8500 | 2000 | 17000 | | |
| 8000 | 1900 | 16000 | | |
| 7500 | 1800 | 15000 | | |
| 7000 | 1700 | 14000 | | |
| 6500 | 1600 | 13000 | | |
| 6000 | 1500 | 12000 | | |
| 5500 | 1400 | 11000 | | |
| 5000 | 1300 | 10000 | | |
| 4500 | 1200 | 9000 | | |
| 4000 | 1100 | 8000 | | |
| 3500 | 1000 | 7000 | | |
| 3000 | 900 | 6000 | | |
| 2500 | 800 | 5000 | | |
| 2000 | 700 | 4000 | | |
| 1500 | 600 | 3000 | | |
| 1000 | 500 | 2000 | | |
| 500 | 400 | 1000 | | |
| 0 | 300 | 0 | | |
| 1995 | 1995 | 1995 | | |
| Exchange | Index | Thursday Close | Prev. Close | % Change |
| Hong Kong | Hang Seng | 9,367.65 | 9,431.38 | -0.68 |
| Singapore | Straits Times | 2,089.29 | 2,067.16 | +1.07 |
| Sydney | All Ordinaries | 2,106.10 | 2,110.30 | -0.20 |
| Tokyo | Nikkei 225 | 17,938.52 | 17,882.74 | +0.31 |
| Kuala Lumpur | Composite | 984.04 | 985.47 | -0.15 |
| Bangkok | SET | 1,174.82 | 1,175.00 | -0.02 |
| Seoul | Composite Index | 933.95 | 937.04 | -0.33 |
| Taipei | Stock Market Index | 4,639.28 | 4,608.70 | +0.66 |
| Manila | PSE | 2,291.40 | 2,315.26 | -1.03 |
| Jakarta | Composite Index | 458.90 | 460.81 | -0.41 |
| Wellington | NZSE-40 | 2,155.02 | 2,184.44 | -1.35 |
| Bombay | Sensitive Index | 3,143.18 | 3,151.81 | -0.27 |

Very briefly:

- Volkswagen AG postponed plans to build a vehicle assembly plant in Vietnam, citing the minuscule demand for passenger cars in the country.
- Sony Corp. of America formed a strategic alliance with Visa USA to create a global information and entertainment center on the Internet's World Wide Web.
- Reliance Industries Ltd. shares were suspended from trading for three days after the Bombay Stock Exchange accused the textile and petrochemicals conglomerate of negligence over the issue of duplicate shares.
- Apple Computer Inc. said it would permit UMAX Data Systems, a maker of computer equipment that is based in Taiwan, to make clones of Apple's Macintosh computers in Asia and later in the United States.
- John Fairfax Holdings Ltd.'s net profit in its first quarter, which ended Sept. 30 slumped 21 percent, to 33.7 million Australian dollars (\$24.8 million). The publishing concern said the drop was due mainly to higher newsprint prices and slower growth in advertising sales.
- Casio Computer Co. said parent-company pretax profit in the six months through September fell 32 percent from a year earlier, to 3.12 billion yen (\$30.8 billion), as sales slumped 46 percent, to 159.02 billion yen.

For investment information, read

THE REPORT

every Saturday in the IHT.

Project Delays Dog Hopewell Holdings Shares

Bloomberg Business News

HONG KONG — Shares in Hopewell Holdings Ltd. fell Thursday amid concern about delays at a power plant being built by its subsidiary, Consolidated Electric Power Asia Ltd.

Hopewell, which closed at 4.05 Hong Kong dollars (\$2 U.S. cents), down 0.375, also has been hit by concerns that unexpected expenses on a road project in China will lead to cash shortages.

CITIPORTFOLIOS

16, avenue Morle-Thérèse, L-2132 Luxembourg

NOTICE TO ALL UNITHOLDERS

Effective October 17th, 1995, Articles 2, 4, 6, 12, 15 & 16 of the Management Regulations were amended.

The fiscal year end of the Fund will be changed from December 31st to March 31st. The next available report will be the annual audited report based on the financial figures as at March 31st, 1996.

A revised Sales Prospectus dated November 1995 will be issued to reflect these changes.

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November 17, 1995, London

By: Citibank, N.A. (Issuer Services), London Branch, Agent Bank

COMPETE: Rough Edges of Capitalism Stick Out

Continued from Page 13

of other companies that they rushed to restructure lest they too fell victim to a hostile takeover.

At the heart of this restructuring process has been a practice known as "outsourcing."

For most of the industrial era, American managers operated under the assumption that it was more efficient and reliable to perform most of the functions involved in their business within their own company.

Steelmakers dug much of their own iron ore and coal, automakers produced many of their own axles, television networks produced their own shows, utility companies produced most of their own power, and fast-food companies grew their own potatoes. "Vertical integration," it was called.

All this worked fine until the harsh discipline of price competition was meted out to one industry after another. Suddenly, desperate managers began to cast about for ways to reduce

costs and improve quality, and they found they could often achieve both by shifting work to outside suppliers.

"The reason business executives outsource is because they can't look a janitor who's been with them for 15 years in the eye and explain why he'll earn \$6 and get no medical benefits going forward, rather than \$12 he now gets with the same medical benefits as the company vice president," said the economist Lester Thurow.

The footwear maker Nike Inc., the clothing maker Bugle Boy Industries Inc. and the toy maker Mattel Inc. operate none of their own factories, for example — in each case limiting their focus to product design and marketing.

Viewed from one angle, outsourcing appears to have helped equalize pay, at least for common job categories. The gap between what secretaries earn at IBM and what they earn elsewhere is closing, as workers who earned "rents" have watched them evaporate.

Shulamit Kahn, a labor economist at Boston University, recently analyzed wage data in 21 occupations from 1985 to 1993 and found wage differences among firms were getting smaller in 17 of them.

But according to another recent study by Katharine G. Abraham, commissioner of the Bureau of Labor Statistics, the broader impact of outsourcing has been to widen income gaps, in particular between high-skilled jobs that are not commonly outsourced (top executives, for example) and low-skilled jobs that are (janitors).

As part of its companywide pay reevaluation, IBM recently announced that to attract and retain top talent it was raising the pay of its 28,000 programmers and engineers by an average of \$2,500 a year.

At the same time, IBM was laying off programmers at its facility in Boca Raton, Florida, who earned about \$40 an hour, outsourcing the work to a company that paid \$28 an hour to its programmers, some of them brought over from India on special work visas.

It is just this sort of flexibility in labor markets that distinguishes the U.S. economy from industrial competitors, and it has given the United States unemployment rates that are half the official jobless rates in Europe — and well below the unofficial unemployment rate in Japan.

"The price of this flexibility seems to be that the United States has higher levels of economic and social polarization than other industrial countries," Kahn said.

"Companies today are financing their major and minor successes with what they aren't paying everyone else," said Harvard University economist James Medoff. "The name of the game is screw the losers to support the winners" — a succinct if inelegant definition for winner-take-all markets.

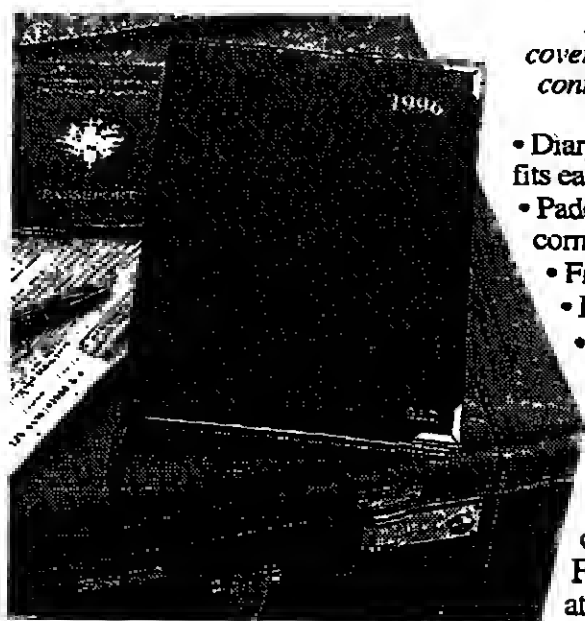
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LUXOR INVESTMENT COMPANY

Société Anonyme - R.C. Luxembourg B 27.109

NOTICE OF MEETING

Notice is hereby given that the ANNUAL GENERAL MEETING OF LUXOR INVESTMENT COMPANY will be held at the Registered Office in Luxembourg, 10A, Boulevard Royal, on

Wednesday 13th December, 1995 at 14 hours.

for purpose of considering the following Agenda:

1. To receive and adopt the Management Report of the Directors for the year to 30th September 1995.
2. To receive and adopt the Report of the Auditor for the year to 30th September 1995.
3. To receive and adopt the Annual Accounts for the year to 30th September 1995.
4. To appropriate the earnings.
5. To grant discharge to the Directors in respect of the execution of their mandates to 30th September 1995.
6. To receive and act on the statutory nomination for election of the Auditor for a new term of one year.
7. To transact any other business.

The resolutions will be carried by a majority of those present or represented.

The Shareholders on record at the date of the meeting are entitled to vote or give proxies. Proxies should arrive at the Registered Office of the Company not later than twenty-four hours before the Meeting.

The present notice and a form have been sent to all shareholders on record at 13th November 1995.

In order to attend the meeting, the owners of bearer shares are required to deposit their shares not less than five days before the date of the meeting at the Registered Office.

Proxy forms are available upon request at the Registered Office of the Company.

By order of the Board of Directors

November 16, 1995

| | | | | | | | | | | | |
|---|---------------------|----|---------|---|---------------------|----|---------|---|---------------------|----|---------|
| d | SBC MAF- SF | 5F | 6172.50 | W | SBC MAF- SF | 5F | 6172.50 | W | SBC MAF- SF | 5F | 6172.50 |
| a | SBC MAF- US- Dollar | 5F | 7700.40 | d | SBC MAF- US- Dollar | 5F | 7700.40 | d | SBC MAF- US- Dollar | 5F | 7700.40 |
| a | SBC MAF- US\$1 | 5F | 2253.72 | a | SBC MAF- US\$1 | 5F | 2253.72 | a | SBC MAF- US\$1 | 5F | 2253.72 |

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هكذا من الاصل

Herald Tribune SPORTS

FRIDAY, NOVEMBER 17, 1995

PAGE 20



Jorge Cadete of Portugal celebrates the 3-0 victory over Ireland in Lisbon that secured a spot in European Championship finals. Cadete scored the third goal.

Qualified Joy for Dutch and Irish 14 Teams Advance; Two Must Play Once More

By Ian Thomsen
International Herald Tribune

ROTTERDAM — The Dutch were celebrating their passage to England after Wednesday night's 3-0 beating of Norway, their lion mascot running a victory lap with the Union Jack in paw. They sobered quickly when they learned that their first match will be next month, not next year, the opponent will be Ireland, and the stadium at Liverpool might hold 30,000 Irish.

This is the penalty for the Netherlands' defeat at Belarus last June. It left the 1988 European champion — bereft of its old, famous names — needing to upend the Group Four leader, Norway, just to reach the playoff at Anfield on Dec. 13.

Fourteen other countries qualified Wednesday alongside the host England for the European Championships next summer, including most of the age-old contenders plus Denmark, the surprise 1992 champion. The 16th and final spot will go to either Ireland or the Netherlands, the runners-up with the worst record among the eight qualifying groups.

Ireland, a 3-0 loser to the Group Six winner, Portugal, backed into the playoff when Northern Ireland knocked out third-place Austria, 5-3, in a rainstorm in Belfast. The North has been good to the South: Two years ago, the Republic won the final qualifier in Belfast to advance to the World Cup finals. Ireland went out, 2-0, in the World Cup round of 16 to the Netherlands in Orlando. The Irish won a World Cup warm-up at Tilburg last year, but they have not beaten the Dutch in the big tournaments since 1980 — a run of six winless matches.

Yet Ireland's manager, Jack Charlton, looked as if he would have little trouble ignoring all of the evidence against him, including Portugal's three second-half goals. After all, Anfield should feel like a home game for the Irish. They will hope for recoveries from Roy Keane, John Sheridan and their captain, Andy Townsend, after all were absent Wednesday; but they will have to do without the suspended striker Niall Quinn, whose absence from the World Cup finals (as he recovered from knee surgery) was glaring.

The Irish had appeared secure last April when they beat Portugal at Lansdowne Road, but they took only one point from their next three games, including an embarrassing draw with Liechtenstein.

"We're lucky to be in it," said Charlton, whose failed Ireland career has been extended at least one more game. He has been hinting at retirement in his 10th year on the job, and the Boston franchise of the new U.S. soccer league has been courting him, for obvious reasons. As the Irish golfer David Feherty said before entering a tournament in Boston: "It's just like the Irish Open, except there are more Irish people in Boston."

ANFIELD held another playoff for the European Championship in 1977 after Scotland and Wales tied in their qualifying group. Scotland won, 2-0, helped by a penalty when the referee mistakenly punished the wrong team for a hand ball.

Italy, based on improvements since its loss at home to Croatia a year ago, has been made the early favorite for next June. The World Cup runners-up would seem to have the best chance among the traditional powers as Coach Arrigo Sacchi has settled (fi-

nally) on a closely-knit team driven by Demetrio Albertini and lacking the anchor, both good and bad, of Roberto Baggio. The Italians appear to have done a better job of rearing than has Germany, though the 1992 finalists did win Group Seven with avengeful 3-1 victory over Bulgaria.

The Russians have been difficult to gauge, given the weakness of their group; likewise the Spaniards, who made a good qualifying run but have yet to prove themselves in a major final, although they were unfortunate to be eliminated by Italy in the 1994 World Cup.

ENGLAND, the automatic qualifier as host, has been mired in a routine of low-octane friendlies. England might be the team worst-suited to such a predicament. It traditionally cares little about style and everything about winning, but for two years it has been trying to achieve a style it can't articulate against unenthusiastic opponents. Without a league table to tell the English right from wrong, doubt has been all around.

A trend of the 1990s has seen Denmark and Bulgaria qualify for the finals on luck as much as anything, then pick up speed undetected all the way to the European title (Denmark) or the World Cup semifinals (Bulgaria).

The Group Four winner, Croatia, which has never played in a major final, and Portugal, winner of Group Six, a young team whose players have grown up winning two World Youth Cups together, are both gifted teams. Either might be the winner next summer. So too might be the contender with the greatest odds of all to beat. That would be the Dutch.

WORLD ROUNDUP



England's Graeme Hick cutting for four to bring up his century.

England Fights Back

CRICKET England recovered from a wobbly start in Pretoria to reach 221 for four wickets at the end of the first day of the first test against South Africa.

The tourists were 64 for three early on, but Mike Atherton and Graeme Hick added 142 for the fourth wicket. Atherton made 78. Hick was 105 not out at the close. (Reuters)

Mistrial in King Case

BOXING A federal judge declared a mistrial Thursday when the jury in the trial of the boxing promoter Don King on insurance fraud charges said it was hopelessly deadlocked.

U.S. District Court Judge Lawrence McKenna ruled after hearing from the jury in its fourth day of deliberations.

King was accused of faking an insurance contract with Lloyd's of London to collect \$350,000 in nonexistent training fees for a fight involving Julio Cesar Chavez that was canceled in 1991. King, one of the most powerful men in boxing, would have faced a maximum 45 years in prison and \$2.25 million fine if convicted on all nine counts.

There was no word on whether King would be retried on the charges. (AP)

Oilers Agree to Move

FOOTBALL The Houston Oilers' owner, Bud Adams, signed an agreement Thursday to move the NFL team to Nashville. Adams and Nashville's mayor, Phil Bredesen, had agreed in a 50-page document that lays out the city's \$292 million plan to relocate the Oilers and build a stadium. (AP)

Peace in Australia

RUGBY LEAGUE The Australian Rugby League has begun talks with the rebel Super League, a creation of Rupert Murdoch, the media tycoon, to seek a compromise in their bitter fight for control of the sport. Said Keith Arthurson, the chief executive of the Australian league.

He said the clubs still loyal to the ARL had given the body permission to negotiate with News Limited, the local arm of Murdoch's empire. (Reuters)

Brolin Joins Leeds

SOCCER Tomas Brolin left Sweden on Thursday for England to join Leeds for a record fee. Lars Peterson, his agent, said, Peterson gave no financial details but said the transfer would make Brolin Sweden's most expensive player. (Reuters)

Engqvist's Star Rises to No. 8

By Christopher Clarey
Special to the Herald Tribune

FRANKFURT — He is the latest in a long, not-always-quotable line of Swedish tennis stars, but Thomas Engqvist is hardly a chip off the old block of ice.

He is no agile, top-spinning baseliner like Bjorn Borg or Mats Wilander with wife and guide to spare. No damn-the-torpedoes net-rusher like Stefan Edberg with volleys out of a Harry Hopman instructional manual.

Engqvist might have the good looks and tax-free, Monte Carlo, address of his predecessors, but he has a style all his own: a style perfectly in tune with these high-tech, high-velocity times. Simply put, the 21-year-old from Stockholm crushes the ball. He crushes his first serve. He crushes his forehand. He crushes his backhand.

Thus far at the ATP Tour World Championship, he has crushed some highly respectable opposition. First to fall was seventh-ranked Jim Courier on Wednesday: 6-3, 6-2 in one hour and nine minutes. On Thursday, it was the fourth-ranked Michael Chang's turn to suffer in this round-robin event as he lost, 6-1, 6-4, in precisely one hour. An hour is usually how long it takes Chang, a tenacious opponent, to finish one set, not two.

"Obviously, this is kind of his breakthrough year," Chang said of Engqvist. "Everybody knew that he was very much an up-and-coming kind of rising star. I think only time will tell whether or not he is going to be able to sustain it season after season."

Engqvist, who already has qualified for Saturday's semifinals, was labeled a rising star in 1991, the year he won the Australian and Wimbledon junior titles. The following year, his first as a pro, he climbed 166 places in the rankings, winning a tournament in Bolzano and finishing the year at No. 63.

He was only 18. But as what has happened in recent years with the world's top juniors, Engqvist lost momentum. Tendinitis in both knees was part of the problem. Last

year he had surgery on his left knee in March and on his right knee in November.

This year, under the tutelage of the former Swedish top-tenner Joakim Nystrom, Engqvist has lived up to his nation's tennis tradition, soaring from 60 in January to eight on the eve of this tournament reserved for the top eight players. Conveniently for Sweden, where the sport has been losing sponsors and television spectators, Engqvist's rise comes at the same time the 29-year-old Edberg has fallen from the top 20.

"I remember when I was a kid, you could watch a lot of tennis on TV; we had four or five top-10 players," Engqvist said. "You could almost watch every week, and that helped you get interested in the sport."

Unfortunately for Engqvist, Swedish television is not broadcasting this tournament, but any young Swedish boy with access to a satellite dish will have seen a lot to admire the last two days.

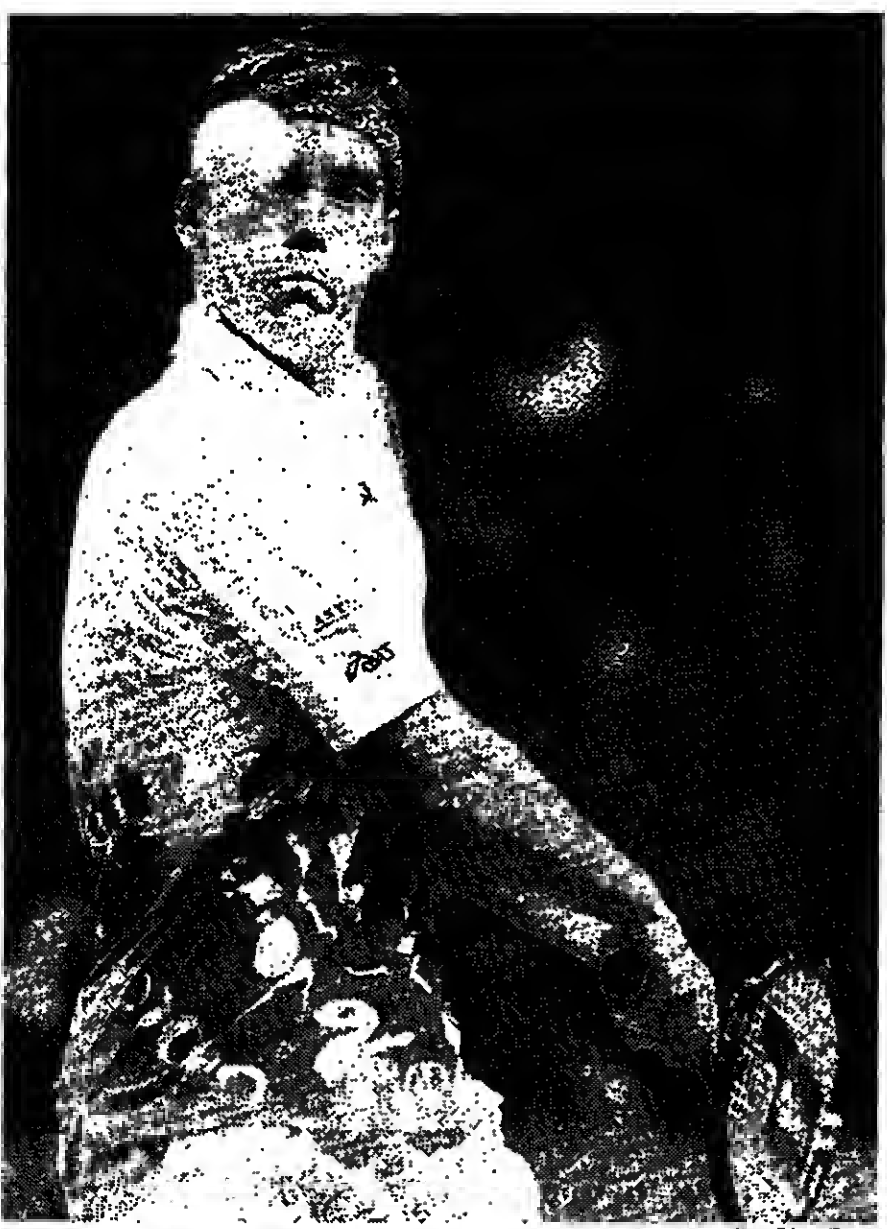
Engqvist's first serve percentage has been hovering above 60 percent, and not because he is spinning the ball into play. What he lacks is forward mobility and an ability to change his game when his big groundstrokes start landing long instead of on the lines. Tightly angled balls and approach shots still give him difficulty. His volleys also need work.

What bodes well for his future is that, despite such weaknesses and a relatively poor performance in the Grand Slam events this year, he already is No. 8 in the world. "I am just so excited to be here," Engqvist said. "I think it's good for my tennis to compete with the best players in the world. I am going to learn a lot from this week."

For the moment, however, it is Engqvist who is giving the lessons.

Muster and Sampras Lose

In other ATP matches Thomas Muster lost 6-4, 4-6, 6-4 to Jim Courier. That means Pete Sampras must finish the year ranked No. 1. Sampras celebrated by losing 7-6, 4-6, 6-3 to Wayne Ferreira. (Reuters)



Crushing victory: Thomas Engqvist defeated Jim Courier in Frankfurt, 6-3, 6-2.

Barry Larkin Is Surprise Pick For NL's MVP

The Associated Press

Barry Larkin of the Cincinnati Reds was the surprise choice as the National League's Most Valuable Player, becoming the first shortstop to win the award since Maury Wills in 1962.

Larkin, who hit .319 with 66 RBIs and 51 steals and is likely to win his second straight Gold Glove next week, received 11 first-place votes and 281 points in balloting by the Baseball Writers Association of America. Dante Bichette, whose 40 homers and 128 RBIs led Colorado to a wild-card playoff spot, got six first-place votes and 251 points. Greg Maddux, 19-2 for World Series champion Atlanta, received seven first-place votes and 249 points.

The former New York Yankees manager, Buck Showalter, signed a \$7 million, seven-year contract to manage the Arizona Diamondbacks when the franchise enters the league in 1998.

The Cleveland Indians exercised their 1996 options on pitcher Orel Hershiser and outfielder Albert Belle and a 1997 option on reliever Jose Mesa. Belle will make \$5.5 million next season and Hershiser \$1.5 million. Mesa's base for 1997 is \$900,000. Hershiser, 37, has said he might retire instead of playing for \$1.5 million.

The Oakland Athletics were to announce Thursday that Art Howe, Houston's former manager, will be their new manager.

Baseball owners and players met Wednesday in New York for their first formal bargaining session since the 234-day player strike ended 227 days ago. Randy Levine, the owners' new chief labor executive, presented a new collective bargaining proposal to the players' representatives.

SCOREBOARD

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION

| | W | L | Pct | GB |
|--------------|---|---|------|-------|
| Orlando | 4 | 1 | .857 | — |
| New York | 2 | 3 | .400 | 2 1/2 |
| New Jersey | 2 | 3 | .400 | 2 |
| Washington | 2 | 3 | .400 | 2 |
| Philadelphia | 2 | 3 | .400 | 2 |
| Boston | 1 | 4 | .200 | 4 |

CENTRAL DIVISION

| | W | L | Pct | GB |
|-------------|---|---|------|-------|
| Chicago | 6 | 1 | .857 | — |
| Indiana | 5 | 2 | .714 | 1 1/2 |
| Detroit | 4 | 2 | .667 | 1 1/2 |
| San Antonio | 3 | 3 | .500 | 2 1/2 |
| Charlotte | 3 | 3 | .500 | 2 1/2 |
| Atlanta | 4 | 2 | .667 | 1 1/2 |
| Toronto | 1 | 7 | .125 | 5 1/2 |
| Cleveland | 0 | 7 | .000 | 6 |

WESTERN CONFERENCE

NORTHWEST DIVISION

| | W | L | Pct | GB |
|-------------|---|---|------|-------|
| Portland | 5 | 1 | .833 | — |
| Utah | 6 | 2 | .750 | — |
| San Diego | 5 | 2 | .714 | 1/2 |
| Phoenix | 2 | 5 | .286 | 3 1/2 |
| Los Angeles | 1 | 5 | .167 | 4 1/2 |
| Denver | 1 | 6 | .143 | 4 1/2 |

PACIFIC DIVISION

| | W | L | Pct | GB |
|---------------|---|---|------|-------|
| Seattle | 5 | 2 | .714 | — |
| Golden State | 5 | 2 | .625 | 1/2 |
| LA Clippers | 3 | 3 | .571 | 1 1/2 |
| San Francisco | 4 | 3 | .556 | 1 1/2 |
| Portland | 2 | 4 | .333 | 2 1/2 |
| Phoenix | 2 | 4 | .333 | 2 1/2 |
| Golden State | 2 | 5 | .286 | 3 |

WEDNESDAY'S RESULTS

| Time | Home | Visitor | Score |
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